

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2008

City Commission

Ronald F. Gillham, Mayor
Robert Paul, Mayor Pro-Tem
Jeffrey Jenks, Commissioner
Phyllis Kramer, Commissioner
Mary White, Commissioner

Introductory Section

City of Huntington Woods, Michigan

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A D M I N I S T R A T I V E O F F I C E S

Mayor **Ronald F. Gillham**
Mayor Pro-Tem **Robert Paul**
City Manager **Alex R. Allie**

Commissioner **Jeffrey Jenks**
Commissioner **Phyllis Kramer**
Commissioner **Mary White**

November 24, 2008

Honorable Mayor, City Commission
City of Huntington Woods, Michigan

Preface

The City of Huntington Woods Finance Department is pleased to present to you the annual Comprehensive Annual Financial Report (CAFR). This report represents a clear and comprehensive view of the financial health and strength of the City as of the fiscal year ended June 30, 2008. The City Charter as well as the State Statute mandate that the City prepare a report outlining the financial position of the City and that the report be audited by an independent licensed firm of certified public accountants. In doing so, the report is prepared according to the regulations as set forth by the Governmental Accounting Standards Board and the State of Michigan Department of Treasury.

All the schedules, data, text and descriptions contained herein are solely the responsibility of the City of Huntington Woods Finance Officials and Management. To the greatest extent possible the City must rely upon its policies and procedures that are in place to define roles and responsibilities of its financial management staff. This is critical to maintain and exercise adequate internal control over the entire Finance Department. To the best of our knowledge and belief this data is accurate in all material respects and is reported in a manner that is fair and consistent. The report includes all disclosures and charts required to enable the reader to understand the City financial structure from a historical, operating and administrative perspective.

This will be the fourth year the City has prepared a Comprehensive Annual Financial Report. The Finance staff has continued to work on the tables, graphs and charts to present the data to the reader in the clearest form. Where clarification is needed we have added information, however, the goal is to be as concise as possible, and look for ways to make this report more usable.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section - This section introduces the reader to the City of Huntington Woods and to this report. Included in this letter of transmittal with continuing disclosure reporting enhancements, the City's organizational chart, a list of principal officials and a fund organization chart.

Financial Section - The independent auditor's report, management's discussion and analysis letter, government-wide financial statements, combined fund financial statements, required supplemental information and the notes to the financial statements are included here. These are the City's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of this report.

Statistical Section - Although this section contains substantial financial data, these schedules differ from financial statements in that they present some non-accounting data, cover more than the current year and are designed to reflect social and economic data, financial trends and the fiscal capabilities of the City.

Audit Requirement

The City Charter IX § 7, and State Statute require an annual audit of financial records and transactions of public sector units of government to be completed by independent certified public accountants at the close of each fiscal year. Huntington Woods is in full compliance with this requirement and has recently received an "unqualified opinion" from Doeren Mayhew Certified Public Accountants for the fiscal year ended June 2008. This exemplary status lets the reader know that the examination of the financial records of the City disclosed no conditions that cause the auditors to believe that the financial statements are not fairly stated in all material respects.

Reporting Entity and Services Provided

The City of Huntington Woods has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board. The City of Huntington Woods (the "City") is defined as; all funds, agencies, commissions, boards and authorities that are controlled and managed by the Elected Mayor and City Commission. As of this writing, the City does not contain any component units of government as per current pronouncements.

The City of Huntington Woods was incorporated as a village in 1926 and remained so until 1932 when it became a city under the home-rule City Act 279 of 1909. The City has developed into a well respected full service municipality operating in Southeast Oakland County. This report covers the operations of the City as relates to all departments and municipal services in its governmental fund structure, including a full range of public safety services; sanitation services; recycling services; highway, streets and sidewalks maintenance/ROW Rights-of-way; Planning, Zoning and building code enforcement services; Recreational Services and cultural events; and library. Water and Sewage services are administered through the use of an Enterprise fund which requires the City Commission to set fees for its operations on an annual basis through user fees.

Fund Types and Purposes

GENERAL

PURPOSE - The General fund is primary operating fund in the local unit of Government and is used to account for all revenues and expenditures and activities not specifically or statutorily provided for in other funds.

RECREATION

PURPOSE - The Recreation fund accounts for the operation and maintenance of City parks as well as the operation of the Recreation Department and related programs.

SANITATION

PURPOSE - The Sanitation fund accounts for the operation of the solid waste collection disposal and recycling functions of the City.

MAJOR AND LOCAL ROAD

PURPOSE - The Major and Local Road funds are used (1) to receive all street funds paid to cities and villages by the state, (2) to account for construction, maintenance, traffic services and snow and ice control on all streets classified as Local Streets within the local unit of government (this includes construction done from money raised by special assessing property owners for street improvements), (3) to account for revenue from special assessment taxes levied for street purposes as provided by Act 51 of the Public Acts of 1951, as amended, and (4) to account for money received from General Fund contributions.

RACKHAM DEFENSE

PURPOSE - The Rackham Defense fund was established to provide a method of segregating the legal costs of the property development of Rackham Golf Course. In addition, the City has asked the voters to approve a three year .50 mill per year levy to pay for the legal fees associated with the property. This millage was approved February 2007 and levied July 1, 2007.

BUDGET STABILIZATION

PURPOSE - This fund was established for the sole purpose of setting aside funds to be used for budget stabilization per State Act 1978 P.A. 30.

GENERAL OBLIGATION RECREATION AND ROAD DEBT

PURPOSE - These funds are used to record the payment of interest and principal on long term general obligation debt other than that payable from special assessments and debt issued for and serviced primarily by an Enterprise or Construction Fund.

CAPITAL PLANNING

PURPOSE - This fund is used to account for revenue set aside for statutory public improvements of a major nature.

WATER AND SEWER

PURPOSE - This fund is used to record the operations of the combined water and sewer system, and is considered an Enterprise Fund.

EQUIPMENT POST RETIREMENT HEALTH CARE BENEFIT

PURPOSE - These funds are used to support the activities of other funds, such as the equipment fund which is used as a motor pool to record the rental, and the subsequent depreciation of equipment, as well as the recording the cost of retiree health care.

Accounting System and Budgetary Controls

Due to the nature of the operations and legal requirements, the accounting of transactions within the reporting entity is organized on a "fund basis." This accounting approach assures compliance with statutory requirements and enables adequate separations between distinct governmental functions. Each fund is a distinct, self-balancing accounting entity.

The budget is annually presented to the City Commission each May as required by City Charter. This document has been prepared in compliance with the regulations set forth under the Uniform Budget Act, State of Michigan P.A. 621 of 1978. The act requires that the City of Huntington Woods adopt a balanced categorical budget where appropriations do not exceed budget revenue. The appropriation/rate resolution as adopted by the City Commission gives the City Manager and/or the Finance Director the authority to create new funds and activities in order to maintain adequate financial control, and to make changes between budgetary categories only. All funds with the exception of the General Fund are adopted on a categorical basis by the City Commission. Budget changes in the general fund therefore are made by line item only.

Historical Overview

The City of Huntington Woods is almost exclusively residential. In fact, 98.7% of the State Equalized Value (SEV) of the City is comprised of residential properties. The lack of diversity in its tax base has left the City with no major industrial or commercial property to share the tax burden of providing the full range of city services. Structural financial problems began to surface approximately fifty years ago. Despite a relatively high millage rate, the City was unable to provide for all capital and service needs from its annual budget. The City founders had left a significant amount of undeveloped public property surrounding the perimeter of the City. It truly was intended to be the "City in the Woods." The City, however, began selling the undeveloped property shortly after World War II, to finance needed facilities and satisfy outstanding debt.

In the 1960's and the early part of the 1970's, the State and Federal Government began to play a role in municipal operations by providing revenues to equalize tax base inequities. The State Revenue Sharing program was approved by the State of Michigan, both constitutionally, in 1964, and statutorily, in 1967, earmarking a share of State taxes for cities. In 1974, the U.S. Congress enacted Federal Revenue Sharing, returning a portion of the income taxes paid by Huntington Woods' residents directly to the City. From 1970 through 1975, despite receiving additional dollars from the state and Federal governments, the City experienced operational deficits and was forced to borrow funds on three occasions to meet annual budget obligations. The City population, which was the basis for calculating revenue received from the state and federal governments, peaked in the 1960 census. The City population has been declining ever since. Despite the fact that the City was fully developed by 1970, thereby resulting in a stagnant tax base, annual increases in State Equalized Value (SEV) provided sufficient annual revenue growth. In 1978, though, the Headlee Amendment to the Michigan Constitution began to limit the annual increase in property taxes received by the City to the rate of inflation or Consumer Price Index (CPI). Shortly thereafter, City revenue was further reduced by a significant population loss identified in the 1980 census. The City had no cash reserves and experienced operating deficits from 1980 to 1983. In 1984, the City modified its fiscal year by changing the date of tax collections. This led to a one-time infusion of approximately one million dollars (\$1,000,000) and took the City from a deficit to a surplus position based upon the six-month fiscal year and accelerated tax collections.

In 1986, the Federal government, facing its own deficits, eliminated Federal Revenue Sharing. From 1970 to 1990, the City experienced a budget surplus in only seven fiscal years. An analysis of overall financial health of the City, completed in 1990, indicated that the City faced the following problems:

- There were no capital reserves to replace an aging infrastructure including water mains, storm and sanitary sewers and roads, most of which were installed in the 1920's.
- Employee post retirement benefits were unfunded or under-funded.
- State Revenue Sharing reductions due to a decline in population of 7.5% in the 1990 census.
- Deficits existed in the City's three major operating funds.
- Solid Waste disposal cost increases due to a projected reduction in landfill capacity projected to peak in 2005.

In 1991, the City adopted a fiscal rebuilding plan. The plan included a voter approved 1.85 millage increase. The 1.85 request to voters was a compromise by the City Commission in response to the City Manager's recommendation of a 3.5 mill increase. The City Manager believed a higher increase was necessary to operate the City with the same level of services and meet long-term unfunded obligations. The compromise was meant to provide a stable revenue source for city operations, yet required additional attempts to reduce operating costs. One such attempt was a Public Safety Consolidation Study completed in cooperation with the City of Berkley in 1994. While the consolidation of the two cities' police and fire departments would have saved in excess of one million dollars (\$1,000,000) per year, the consolidation did not happen because neither city found it politically acceptable.

Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax bases and districts with low per-pupil tax bases. That same year, Michigan voters approved Proposal A, which cut school property taxes and shifted the burden to the sales tax.

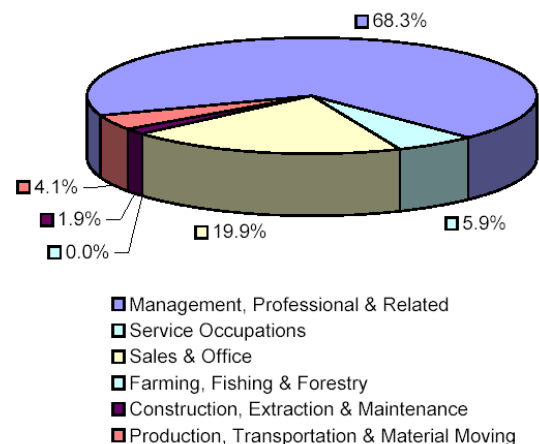
Proposal A, however, also implemented changes in the property tax system including reduced annual tax revenue limits for cities. This statute caused the taxable value of a home to be annually capped at the rate of inflation, Consumer Price Index (CPI) or 5%, whichever is less. The cap remains in effect until the home changes ownership. This event moves the value on the tax roll to the State Equalized Value (SEV), which is 50% of true cash value. The City receives absolutely no increased revenue from the property's transfer of ownership. This is because state law limits aggregate property tax revenue from the existing tax base to the CPI. The City is required to annually reduce the millage to certify that property tax collections do not exceed inflation. This complex system becomes more problematic if the rate of inflation exceeds 5%.

In 1996, the state legislature modified the formula used to distribute state revenue sharing. The legislature believed that the City of Detroit was receiving more than its fair share of state revenue under the formula. Because political power had shifted from urbanized southeastern Michigan to western Michigan and out-state areas, the Senate and House of Representatives enacted changes in revenue sharing distribution. These changes favor rural areas. The new revenue sharing formula reduced appropriations to older, fully developed cities with high tax rates and redistributed the funds to growing and rural townships of the State with generally low local tax efforts. The new revenue sharing formula will sunset in 2007. The City will review its options immediately after the new rules are adopted.

The new formula is being phased in over a ten-year period and has adversely impacted the City by reducing the amount of revenues received from the State. Further compounding state shared revenue losses, is the fact that, in the 2000 census, the City lost an additional 4½% of its population. Also, in 2001, 2002 and 2003, the State, in addressing the implications of a slow economy and increasing state deficits, reduced the amount of money allocated to the state revenue sharing distribution formula. This has continued through the present year, and continues to be a burden on the General Fund Budget. The combination of a slow economy, a new formula for distribution, and fewer dollars allocated to the formula, compounded by population losses, has reduced state revenue sharing payments to Huntington Woods for the past six fiscal years. Further reductions are anticipated in light of the State's current budget crisis.

In the 1990's, the City met the financial goals and objectives it adopted in 1991. It began rebuilding an aging infra-structure, adequately funding post retirement reserves, and moving from a general fund deficit in 1990 to cash reserves of approximately \$1.3 million dollars in 2000. The cash reserves have allowed the City to weather a short-term financial downfall. A two- to three-year recession, reducing city revenues, could be eased by the

Chart 1: Employment by Occupation



Source Data: U.S. Census Bureau 2000
*Population 25 years and over.

cash reserves or “rainy day fund.” In light of current trends and the downturn in the economy, these revenues are insufficient to sustain the City. The numerous changes to state law included in Proposal A, when compounded with the changes in revenue sharing, have limited and reduced the City’s revenues well into the future. The City’s revenue limits and reductions are now structural in nature, and not short term.

Federal and state policies of the past two decades have required cities to become increasingly dependent on local property taxes, and fee based services, while the State has limited property taxes to the rate of inflation. Huntington Woods, a small community with a residential tax base, and a small population has a difficult time maintaining the current level of services in the current financial environment. The changes requested by the City Commission in 2003 have been accomplished to the extent possible. We will be watching the state legislature carefully, and engage in initiatives that prevent further reductions of revenue sharing.

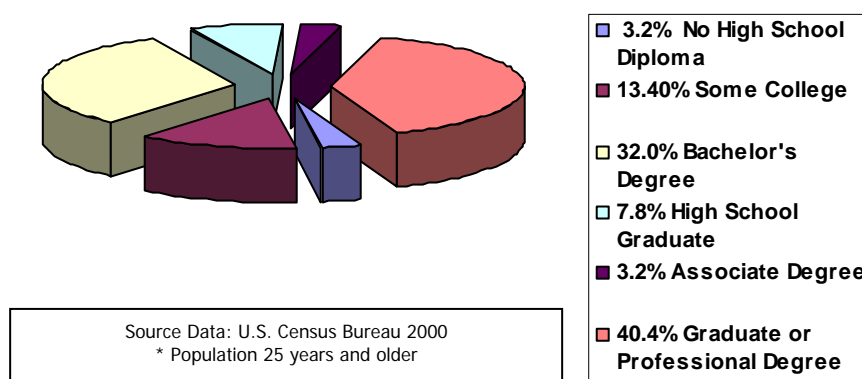
Demographics and Local Government Structure

The City of Huntington Woods was incorporated in 1926 as a full service municipality located in the S.E. Corner of Oakland County, Michigan. The City is approximately 1.5 square miles with a 2000 census population of 6151. The City has no industrial or light industrial base. Oakland County Assessing department placed the City’s (SEV) State Equalized Value as of December 31, 2007 at \$445,120,150, and the Taxable Value at \$319,211,250. The City Charter requires the establishment of a Commission-Manager form of government. The City Commission is comprised of 5 members whom are elected at large for two and three year staggered terms. They are responsible for the appointment of the City Manager, Attorney and Chief of Police, and for approving of the appointment of the City Treasurer and City Clerk. The Commission is also responsible for enacting a set of ordinances and resolutions that govern the operation of the City. The City Manager is appointed by the City Commission and works at their pleasure. The Manager may hire department personnel at his discretion in order for effective operation of all city departments.

The City of Huntington Woods is entirely developed. Less than ½ of 1% of the urban lots in Huntington Woods remains undeveloped. The vast majority of the housing stock in Huntington Woods is comprised of single-family residential properties. The City has for the last two decades been in a no growth condition, with the exception of the current propensity for the redevelopment of residential single-family structures.

The City of Huntington Woods, like other municipalities, has its own unique demographics, culture and municipal service mix. The City has remained, for several decades, an extremely desirable residential community within the greater Detroit metropolitan area. As seen in Chart 1 above, the City boasts a relatively high population of residents employed in management, professional and related occupations. Moreover, the City’s estimated 2005 median household income of \$97,055 is among the highest in Oakland County.

Chart 2: Educational Attainment



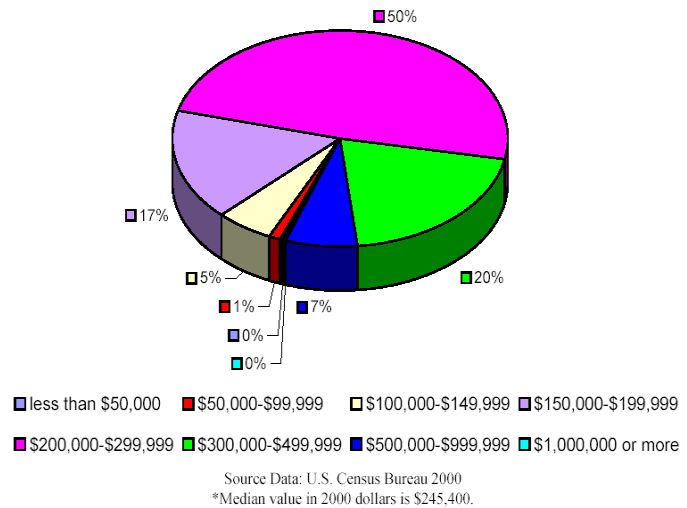
Other Oakland County communities also have populations that are generally affluent and educated, but Huntington Woods differs from these in some important respects. The City itself is not typical of the new, burgeoning suburban communities that comprise much of Oakland County. In contrast, much of the east side of the City was developed in the 1920s, and the west side in

the 1940s. The housing stock ranges from large tudor and brick colonial homes to smaller bungalows and ranches. Moreover, the City is physically structured as a “small-town,” as opposed to the sprawling, impersonal persona of many suburbs. Within this structure, the “small-town” feel and related community amenities are readily apparent. Service levels are very high and include significant investment in amenities geared toward community-related cultural and activity-based services. Community involvement is also high with significant participation in committee work pertaining to municipal governance and policymaking.

Essentially, a large number of residents embrace the City for the unique sense of community, and related values that have developed.

Not unexpectedly, service demand in Huntington Woods is extremely high. As later detailed in this report, residents enjoy a number of services that are unknown or infrequently provided in other communities. Other more common services are provided at a much higher level in Huntington Woods. Though it can't be quantified, it is highly likely that these services tend to make Huntington Woods more desirable to prospective property owners, thus providing a residual value to existing owners. As seen in Chart 3, property values are relatively high, and most listed properties sell within a fairly short time period. A general downturn in the housing market regionally has impacted Huntington Woods for the first time in recent memory. The City has seen a rise in housing availability due to slow sales. Property tax payments have been slow to arrive, and there has been a sharp rise in homes facing foreclosure.

Chart 3: Residential Value



Current Projects and Major Initiatives

1. The City of Huntington Woods residents passed a new millage in 2003. At present, the City is in the process of realizing the revenue that can be attributed to the millage over-ride. The increase in millage has been a critical component in the City's recovery efforts. The Chart prepared below illustrates the impact of this millage adjustment. The results of the increase millage revenue at a time when State Shared Revenue and other revenues have declined have begun to stop the reduction in the use of un-appropriated fund assets. The goal established by the Ad-Hoc Committee in cooperation with the City Commission and the Administration has established a positive equity picture in fiscal years 2007 and 2008.

ACTUAL GENERAL FUND UNRESERVED FUND BALANCE AND PROJECTED SURPLUS (DEFICITS) FISCAL YEARS 2002-2009

FISCAL YEAR	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
REVENUE (INFLOWS)	\$ 4,715,398	\$ 4,699,947	\$ 4,781,615	\$ 5,270,589	\$ 5,653,884	\$ 5,975,516	\$ 6,457,182	\$ 6,629,224
EXPENDITURE (OUTFLOWS)	4,843,098	4,941,083	5,033,289	5,417,544	5,817,937	5,864,513	6,457,182	6,629,224
FUND BALANCE ACTUAL	1,282,282	1,041,146	789,472	642,517	478,464	589,467	589,467	764,444
ACTUAL [PROJECTED 08-09] SURPLUS (DEFICIT)	\$ (127,700)	\$ (241,136)	\$ (251,674)	\$ (146,955)	\$ (164,053)	\$ 111,003	\$ 174,977	\$ 93,981

2. The Rackham Golf Course has graced our southern border for over eighty years. The course has a stunning history in the region, and by any measure can be judged as one of the finest public golf courses in the nation. Although owned by the City of Detroit, the property is within the jurisdictional boundaries of Huntington Woods. The Golf Course has been operated for 81 years and is a constant reminder of the philanthropic efforts of Horace and Mary Rackham, who believed wholeheartedly in preserving parkland for public use. Numerous attempts at purchasing the property through contract negotiations with the City of Detroit have failed as of end of the fiscal year. The City is still in the process of pursuing legal remedies to control the use of the property. A Supreme Court decision will be forthcoming in the future. The Rackham Defense Fund was established during the fiscal year to provide a method of segregating legal costs. The City asked the residents to approve a three year .50 mill per year levy to pay for such legal costs. The millage was approved by voters in February 2007 and levied July 1, 2007.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntington Woods, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The City of Huntington Woods is proud to bring to our residents a record keeping recognized by national standard associations for comprehensiveness and quality. Our first goal however is to provide a level of service unmatched in the region for a unit of government our size. In doing so the City has recently received an AA+ risk rating for the issuance of debt. The rating lets our residents know that the financial community believes that the risks associated with providing debt service to Huntington Woods is minimal. The goal is to keep the rating at its highest level and continue to impress upon Wall Street that Huntington Woods is able to weather the storm of recessionary times.

The effort of the finance staff in preparing a document of this nature cannot be underestimated. The disclosure of data from its raw trial balance format to the CAFR is a large task that consumes substantial time and effort. The City Manager and Finance Department will continue to look at ways to make this report as readable as possible. Please do not hesitate to comment and report to us your concerns. Lastly, recognition of our boards and commissions must be given, as their efforts continue to ensure that Huntington Woods can offer the finest living environment in Southeastern Oakland County.

Respectfully Transmitted,

Richard T. Lehmann
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntington Woods
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



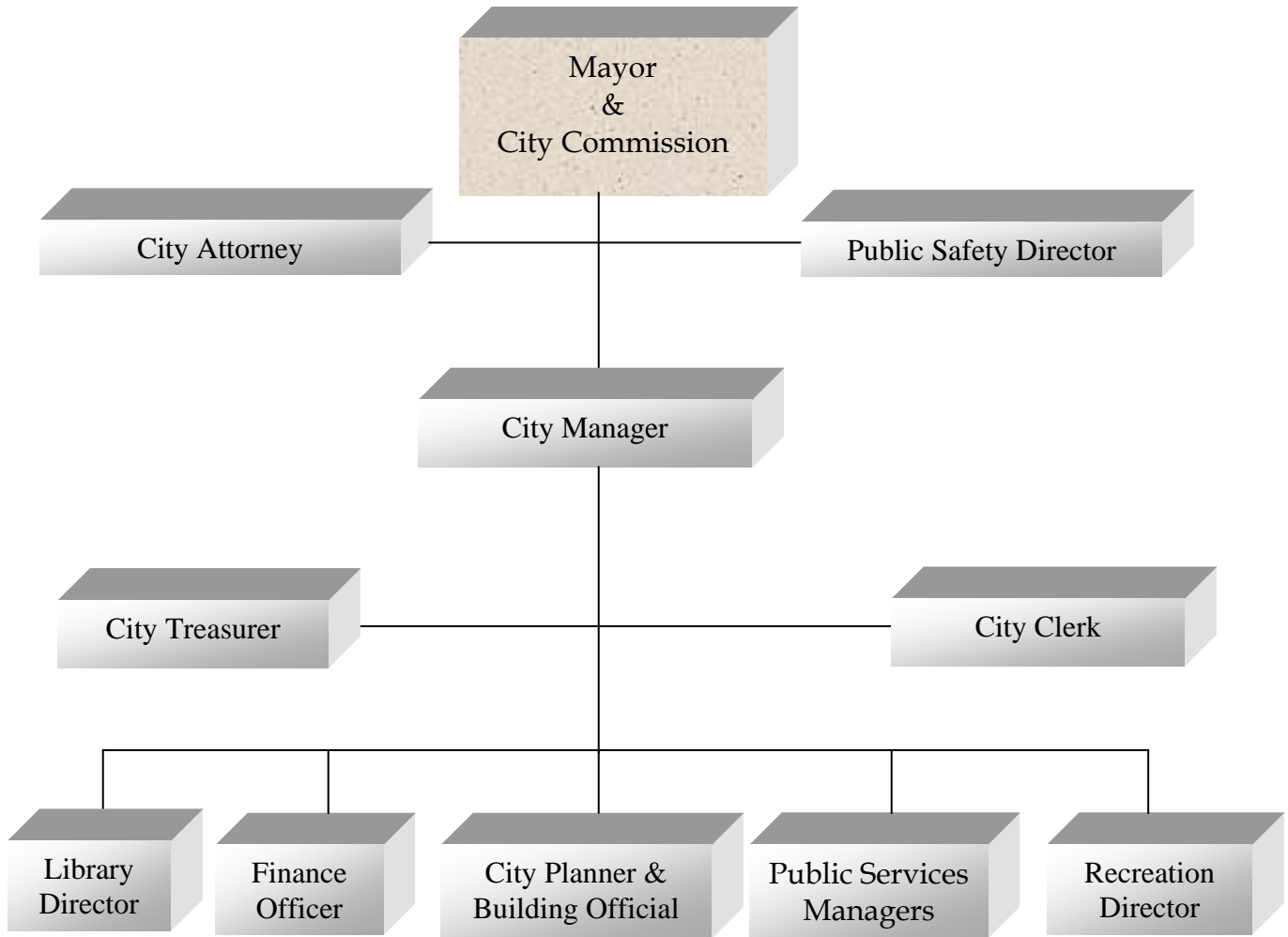
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

ORGANIZATIONAL CHART



City Attorney, City Manager, Public Safety Director are appointed by the City Commission
City Treasurer is appointed by the City Manager, approval of the City Commission

City of Huntington Woods, Michigan

Principal Officials

Principal Officials - 2008

Mayor	Ronald Gillham
Mayor Pro-Tem	Robert Paul
Commissioners	Jeffrey Jenks Phyllis Kramer Mary White
City Attorneys	Bert Shifman John Carlson
City Manager	Alex Allie
City Clerk	Ruth Franzoni
City Treasurer	Joy Solanskey
Deputy Finance Director/Deputy City Treasurer	Richelle Scott
Finance Director	Richard Lehmann
Public Safety Director	Steve Fairman
Library Director	Anne Hage
Recreation Director	Nancy Waldmann
DPS Managers	Claire Galed Larry Harworth
Planning Official	Bonnie Cook

City of Huntington Woods, Michigan

Fund Organization Chart

Governmental Funds

General*

Special Revenue

- Major Streets
- Local Streets
- Capital Planning
- Recreation*
- Sanitation**
- Rackham*
- Budget Stabilization

Debt Service

- General Debt Service
- Street Debt Service
- GWK Drain Debt Service
- 11 Mile Rd G.O. Debt Service

Capital Projects*

Proprietary Funds

Enterprise

- Water and Sewer*

Internal Service

- Equipment
- Retirement Benefits
- Health Insurance

Fiduciary Funds

Agency

- Agency

* Major funds under GASB Number 34.

** Presented as a major fund at the City's discretion.

Financial Section



Independent Auditor's Report

To the Honorable Mayor and Members of the City Commission
of the **City of Huntington Woods, Michigan**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Huntington Woods, Michigan as of June 30, 2008, and for the year then ended which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Huntington Woods, Michigan's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Huntington Woods, Michigan as of June 30, 2008, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008 on our consideration of the City of Huntington Woods, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DOEREN MAYHEW

The management's discussion and analysis and budgetary comparison information on pages 3 through 9, and 43 through 47 and 50 through 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Huntington Woods, Michigan's basic financial statements. The introductory section, combining and individual non-major fund financial statements and the accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Huntington Woods, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole. The statistical section on pages 63 through 81 is not a required part of the basic financial statements, and we did not audit and do not express an opinion on such information.

A handwritten signature in black ink, appearing to read "Doeren Mayhew".

DOEREN MAYHEW

December 9, 2008
Troy, Michigan

Management's Discussion and Analysis

City of Huntington Woods, Michigan

Management's Discussion and Analysis

The City of Huntington Woods, Michigan's (the "City's") management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on current information and facts. The MD&A is intended to serve as an introduction to the City's basic financial statements. This information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues.

Overview of the Financial Statements

The City's annual report follows a prescribed format in accordance with the requirements of all Governmental Accounting Standards Board Statements, as well as Generally Accepted Accounting Principles.

Within the financial section of this comprehensive annual financial report are four major parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, and (4) other supplemental information that presents combining statements for non-major governmental, internal service and agency funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial condition. Other statements are presented on a fund level basis, that focus on individual funds and report operations in more detail than the government-wide statements.

The information contained within this MD&A is only a component of the entire financial statements. Readers are encouraged to read the remaining statements thoroughly for a comprehensive understanding of the City's financial health.

Government-wide Statements

The government-wide statements report information about the City as a whole, using accounting methods similar to those used by private sector, and are therefore prepared using the accrual basis of accounting. These statements provide a longer-term view of the City's finances and whether taxpayers have funded the full cost of providing governmental services. The first two statements are government-wide financial statements and include the following:

- The statement of net assets presents information pertaining to all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflow or outflow in future fiscal periods. The primary purpose of this statement is to highlight the relative cost of providing services to the City's residents and the net impact of these services on total net assets.

Both of the government-wide financial statements distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general government, public safety, public works, library, building and planning, culture and recreation. The business-type activity of the City includes the water distribution and sewer-disposal system.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund level financial statements report the City's operations in more detail than the Government-wide financial statements. The City uses fund accounting to comply with finance-related legal requirements. The City's three fund financial statements include the following:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow and the fund balances remaining at the end of the year end that are available for spending. The government fund statements provide a detailed short-term view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City's programs. The City maintains five major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Sanitation fund, Recreation fund, Capital Projects fund and the Rackham Defense fund. The City's other non-major governmental funds are combined into a single statement, individual fund data for each of these funds is provided as combining statements in the section entitled "Other Supplemental Information." The non-major governmental funds include Major Street fund, Local Street fund, Capital Planning fund, Budget Stabilization fund, Debt Service fund, Street Debt Service fund, GWK Debt fund and 11 Mile Rd. G.O. Debt fund.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. The City uses two types of proprietary funds: the Water and Sewer fund is an enterprise fund, which charges residents usage fees. The other proprietary fund type is internal service funds, of which the City has three, which are used to report activities that provide services to the other City funds and activities, typically covered by charges to other City departments. Individual financial statements are presented for each fund in the section entitled "Other Supplemental Information." The activities of the internal service funds are eliminated in the government-wide statements to avoid duplicate reporting of revenues and expenses. The internal service funds include the Equipment fund, Retirement Benefits fund and the Health Insurance fund.
- Fiduciary funds - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. These funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes budgetary comparisons for the City's General fund, Sanitation fund, Recreation fund, and Rackham Defense fund. Following the required supplemental information is a section containing other supplemental information. This includes combining statements for the City's non-major governmental funds, internal service funds and fiduciary funds. Immediately following the supplemental information is a statistical section, which provides certain information pertaining to general government revenues, expenditures, tax revenues and collections, demographic, and other statistical information.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Budgetary Basis of Recording: Major Governmental Funds

As of June 30, 2008 the City's General Fund posted an increase in fund balance of \$174,977, although \$133,929 of the amount was a transfer from Trust and Agency Fund. The increase of \$41,048 although positive, is substantially lower than projections. The City's General Fund finished the fiscal year with revenues equal to \$6,462,079 or \$18,276 more than projected. Revenues from most major sources in the General Fund have declined. The City is looking closely at this issue, and will adjust the 2008-09 budgets accordingly. We continue to believe that the City will need to reduce its anticipated revenue projections for the next few years, as the Michigan economy continues to weaken. The millage vote in 2003 has allowed the City to raise additional income by means of property taxation; however we had originally anticipated rebuilding the City's fund balance. This task has been dramatically slowed by the severe reduction in revenue from building permits, user fees, and investment income. As of June 30, 2008, there are 3.3737 mills un-levied millage the City may use to adjust for reductions in revenue sharing, inflationary pressures and escalating health care costs. On the expenditure side, the City was able to spend \$156,701 less than what was appropriated. This reduction in expenditures is the result of personnel attrition and additional reductions via contract changes. The City is currently looking at methods by which expenditures can be reduced even further in 2008-09. The 2007-08 budgets included a provision for placement of monies into a Budget Stabilization fund. This fund (provided by state statute) is a "rainy-day" fund which will enable the City to place monies aside for emergency use. Allocations or appropriations to the fund can only be provided by City Commission action, and only for unforeseen circumstances.

Other fund net operational results were once again mixed. An area of grave concern is the financial condition of our Major and Local road funds. These Special Revenue funds are primarily funded by monies appropriated via the state under Act 51 of 1951. Motor vehicle gas and weight taxes that are collected by the state and sent to municipalities have declined precipitously over the last 10 years. The recent economic downturn coupled with a sharp reduction in motor vehicles mile driven, has exacerbated this decline further. This coupled with the cost of ash tree removals have reduced the fund balance in the Local and Major road funds to dangerous levels. Expenditures in these funds have continued to rise and are expected to increase again this year. The cost of road repair, materials, and personnel are relentless, and have drained the amount of money available in both funds. The City must take major steps to stop the reduction in fund balance. We believe that without changes to road funding via the State Legislature, the City will be forced to bear a larger burden of road expenses. This will reduce the amount of monies available to replenish the fund balance in the General Fund. As of June 30, 2008 the Major Road fund has seen its fund balance plummet by \$145,263 to \$109,048. Additionally, the Local road fund saw its fund balance decline by \$35,394 to \$16,471. The City must take corrective action immediately to eliminate this decline. Changes to budgeted appropriations and other measures are being reviewed pending Commission action. The Recreation fund saw a minor improvement in the level of un-appropriated fund excess at the end of the 2007-08 fiscal year, over and above the \$38,385 transfer from the Trust and Agency fund.

A. LAND AND PARK PRESERVATION INITIATIVES

The Rackham Golf Course land and park preservation issue has not been resolved. As of June 30, 2008, the City had prevailed on its appeal to the Michigan Court of Appeals. The City is waiting on a decision by the City of Detroit as to whether it will bring the case in front of the Michigan Supreme Court. The Supreme Court would most likely hear the appeal sometime in the late spring of 2009. The Rackham Golf Course represents 13% of the City's land area, therefore it is very important to the future of the City. Legal fees have been paid by a .50 mill voted tax levy. These monies have been dedicated to the Rackham Legal Defense Fund which has been budgeted to handle the legal costs of the appeals. Pending the final decision by the court, the City is currently discussing the future of the Rackham property, including the possibility of purchasing the course. The final decision on this matter will likely occur in 2009. The cost of the legal battle and subsequent appeal process to date has cost \$369,271. As of June 30, 2008, the Rackham Defense Fund has a fund balance deficit of \$105,676.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

B. GASB 43 and 45 (OPEB) OTHER POST EMPLOYMENT BENEFITS REQUIREMENTS

The City will be required beginning the first fiscal year ending after December 31, 2008 to disclose information pertaining to the plan, cost, and unfunded liability as they pertain to OPEB benefits. In order to do so, the City entered into an agreement with an actuarial firm to study the cost of OPEB benefits in the future. The results of the study will be the basis for disclosing the amount of money that is required in present day dollars (present value) to fund the cost of health care in the future for the current retirees and the present city employees. The unfunded actuarial accrued liability (UAAL) will be key to establishing the annual required contribution (ARC). The UAAL as estimated by Gabriel Roeder & Smith, actuaries, as of June 30, 2005 is \$6,321,900, although this figure most likely will be substantially higher once the study is updated. The annual cost is estimated to be 14.69% of payroll. This present value projection will be the amount the City is required to fund in its entirety every year. The City of Huntington Woods currently spent \$385,551 to pay for the current cost of retiree health care, although this is being done as a pay-as-you-go basis. The City will be required to annually pay for the present cost of health care of its retirees, and as required by the GASB pronouncement, fund the ARC each year. Any amount of the ARC remaining unfunded in any given year will be shown as an increase in liability in the next fiscal year. Without any question, the changes brought about by the GASB pronouncement to disclose the long-term cost and financial implications of OPEB benefits on the financial statement cannot be understated or underestimated.

The City will need to look carefully at the possibility of funding these UAAL costs and is currently looking at methods by which we can pay a portion or the entire ARC in any given year. The current economic climate will make the process of funding the ARC tenuous at best. The City may not be able to fund the entire ARC for a few years. The goal however is to fund the current year liability as fully as possible.

Financial Position Statement

Any gains the City made in the last few years have been slowed substantially by the reduction in revenue as a result of lower revenue sharing, the worsening economic climate, and a general increase in the cost of doing business. The City must continue to look at means by which shared services, staff reductions, become commonplace. The increases in fund balance is marginal at best, and is not what was anticipated only two years ago. The 2008-09 budget is balanced, but most likely will need major adjustments if there is no change in revenue. The State of Michigan Legislature has recently decreased the State Shared Revenue distributions again, and revenues are generally down across the board. Building permits continue to suffer, and it appears as if the first quarter of the 2008-09 fiscal year will see this trend continuing. The City needs to be aggressive in its investment posture, however safety and quality of our investments is paramount. The credit risk associated with the financial portfolio at year's end is once again small. The preponderance of the portfolio includes either agencies or other instrumentalities of the Federal Government which bear a lower credit risk than other certificates of deposit or commercial paper.

The millage override vote in 2003 has allowed the City to continue to provide the level of service the residents enjoy. The City has now utilized 1.50 mills of the over-ride as of June 30, 2008. Unfortunately, measures to increase our fund equity have been trumped by the poor performance of other revenue sources. It is likely that the City will need to include a .50 mill increase in the budget in the next few years. The City will be able to continue increasing the millage levy at the discretion of the City Commission until the new millage equals the declining Headlee tax millage limit. At that point, the City may not levy additional millage. Therefore, although the millage over-ride vote brought the millage up to 20 mills as per the charter, the dynamics of the Headlee formula will prevent the City from ever levying an amount equal to this value. The chart (shown below) serves as an illustration of this principle:

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

			Yearly	Yearly
	Amount of	Maximum	Increase/Decrease	Increase/Decrease
Year	Additional	Amount	Over Prior Year's	Over No Millage
	Levy	Levied	Levy	Levy
2006	0.5000	14.4748	0.2148	1.7303
2007	0.5000	14.6853	0.2105	2.1957
2008	0.5000	14.8916	0.2063	2.6518
2009	0.5000	15.0938	0.2022	3.0987
2010	0.5000	15.2919	0.1981	3.5368
2011	0.5000	15.4860	0.1942	3.9660
2012	0.5000	15.6763	0.1903	4.3867
2013	0.5000	15.8628	0.1865	4.7990
2014	0.5000	15.7889	-0.0739	4.9463
2015	0.0000	15.4775	-0.3114	4.8518
2016	0.0000	15.1680	-0.3096	4.7548

The City of Huntington Woods as a Whole

The City's combined total of net assets for the fiscal year ended June 30, 2008 is approximately \$22 million. Comparative analysis of government-wide data is being presented for fiscal years 2008 and 2007.

Combined unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, is reported as \$5.1 million in fiscal year ended 2008. Of this amount, \$3.3 million is unrestricted net assets reported for the City's governmental activities.

The information below shows total assets, total liabilities and total assets as of June 30, 2008 and 2007, in a condensed format.

	Governmental Activities 2008	Business-Type Activities 2008	Total	Governmental Activities 2007	Business-Type Activities 2007	Total
Current Assets	\$ 4,812,698	\$ 1,951,793	\$ 6,764,491	\$ 3,402,158	\$ 2,079,608	\$ 5,481,766
Capital Assets	26,554,249	2,686,299	29,240,548	25,949,063	2,522,823	28,471,886
Total assets	31,366,947	4,638,092	36,005,039	29,351,221	4,602,431	33,953,652
Long-Term Debt	12,309,703	-	12,309,703	11,684,972	-	11,684,972
Other Liabilities	1,613,027	147,214	1,760,241	2,137,346	126,410	2,263,756
Total liabilities	13,922,730	147,214	14,069,944	13,822,318	126,410	13,948,728
Net Assets						
Invested in Capital Assets,						
Net of Debt	14,007,428	2,686,299	16,693,727	14,080,851	2,522,823	16,603,674
Restricted	136,015	-	136,015	136,015	-	136,015
Unrestricted	3,300,774	1,804,579	5,105,353	1,312,037	1,953,198	3,265,235
Total Net Assets	\$ 17,444,217	\$ 4,490,878	\$ 21,935,095	\$ 15,528,903	\$ 4,476,021	\$ 20,004,924

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The following shows the change in net assets as of June 30, 2008 and 2007, in a condensed format.

	Governmental Activities 2008	Business-Type Activities 2008	Total	Governmental Activities 2007	Business-Type Activities 2007	Total
Program Revenues:						
Charges for services	\$ 1,808,845	\$ 1,832,946	\$ 3,641,791	\$ 1,930,960	\$ 1,753,080	\$ 3,684,040
Operating grants and contributions	369,953	-	369,953	405,202	-	405,202
Capital grants and contributions	8,956	-	8,956	16,507	-	16,507
General Revenues:						
Property taxes	7,078,444	-	7,078,444	6,224,155	-	6,224,155
State-shared revenues	566,966	-	566,966	579,403	-	579,403
Interest earnings	268,356	62,873	331,229	273,579	88,316	361,895
Bond Proceeds	1,470,000	-	1,470,000	-	-	-
Other revenue	34,058	-	34,058	289,013	-	289,013
Total revenues	11,605,578	1,895,819	13,501,397	9,718,819	1,841,396	11,560,215
Program Expenses:						
General government	4,343,016	-	4,343,016	4,174,262	-	4,174,262
Public safety	1,797,164	-	1,797,164	1,700,061	-	1,700,061
Public works	233,453	-	233,453	216,382	-	216,382
Library	541,454	-	541,454	509,744	-	509,744
Maintenance	460,522	-	460,522	431,734	-	431,734
Traffic services	27,313	-	27,313	27,329	-	27,329
Snow and ice removal	75,090	-	75,090	48,074	-	48,074
Administrative	216,639	-	216,639	480,125	-	480,125
Aquatic Club	206,166	-	206,166	192,837	-	192,837
Recreation	1,714,512	-	1,714,512	1,585,518	-	1,585,518
Capital outlay	-	-	-	431,959	-	431,959
Interest expense	472,567	-	472,567	463,450	-	463,450
Water	-	1,655,646	1,655,646	-	1,541,979	1,541,979
Total program expenses	10,087,896	1,655,646	11,743,542	10,261,475	1,541,979	11,803,454
Excess (Deficiency) Before Transfers	1,517,682	240,173	1,757,855	(542,656)	299,417	(243,239)
Transfers	397,632	(225,316)	172,316	121,397	(121,397)	-
Increase (Decrease) in Net Assets	1,915,314	14,857	1,930,171	(421,259)	178,020	(243,239)
Net Assets - Beginning of Year	15,528,903	4,476,021	20,004,924	15,950,162	4,298,001	20,248,163
Net Assets - End of Year	\$ 17,444,217	\$ 4,490,878	\$ 21,935,095	\$ 15,528,903	\$ 4,476,021	\$ 20,004,924

The City's net assets increased by \$1,930,171 this year, although most of the changes are a result of bond proceeds for Eleven Mile road and transfers from the Trust and Agency fund. Business activity net assets increased only slightly, due to an increase in expenditures for Eleven Mile road. The City Commission has now implemented a majority of the changes that were initiated by the Ad Hoc Operational and Financial and Analysis Committee. The increase in millage by .50 mills per year (as approved by the City Commission), associated with the changes already made, will allow the City to increase the fund balance over the next few fiscal years. To date, as of the end of the fiscal year, the City has utilized 1.50 mills of the millage over-ride, and has a current cushion of 3.3737 mills.

The City's long-term debt is likely to continue increasing over the next 3-4 years. The long-term debt picture shows a total of \$12,557,309 in total obligations, including new debt for Eleven Mile road improvements. Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$3,142,189. As of June 30, 2008, the principal debt balance was reduced by \$682,737 (Note 4). The City can levy the amount of the millage in any given year equal to the amount needed to pay its current year bonded debt obligations. The amount of millage needed to pay this debt in 2007-08 was 3.7498 mills, which includes overlapping debt for the Oakland County GWK Drain. The statutory limit on the debt levy for the City equals 10% of the State Equalized Value or \$45.1 million. The City currently has debt outstanding equal to 26.94% of this value.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City is still in the process of reviewing its debt options on local road reconstruction and on the Rackham Golf Course acquisition project mentioned earlier in this management's discussion and analysis.

The City has completed the 2007-08 sidewalk replacement program. Sidewalk invoices unpaid will be remanded to the City tax roll on July 1, 2009.

Transfers out of the General fund increased by approximately \$153,234 this fiscal year. This is primarily due to an increase in the appropriation to the Budget Stabilization Fund. The General fund transferred \$523,019 to the Recreation fund in 2008 this is a decrease from the \$570,889 that was transferred in 2007. The City still maintains a high level of recreation programming. Once again the Recreation Department had a very good year and increased its programming efforts significantly. This increase allowed the Recreation fund to increase its fund equity for a second year in a row.

SUMMARY

The City has made progress in reducing its reliance on General fund reserves again this year, however this may be fleeting. Michigan has suffered the worst economic setback in decades, and the resulting financial shock has just begun. Although Huntington Woods for the most part has managed well during rough times, it may not be the case in fiscal 2008-09. Unfortunately, the City was just beginning to realize some improvement in its financial picture after the recent downturn six years ago. The result of which was to adopt the millage over-ride vote in 2003. If the current cycle continues into the fall and winter, the City may need to take drastic measures to combat what may be a deepening financial crisis. This would most likely result in reductions in personnel, the suspension of programs and most likely a new emphasis on shared services with neighboring communities. The Rackham property issue, as well as the prospect of new debt to fix failing roadways within the City will just serve to tighten an already tough turn-around. Fortunately, the City has ample room, statutorily to increase its debt millage should we need to do so. In order to assure the City has money set aside for the future, the City Commission voted to begin the process of placing a Budget Stabilization fund into the budget as of 2007-08. We had fully funded the first year of this program. The 2008-09 budget calls for funding as well.

Looking forward, the City has taken proactive steps to complete actuarial studies on the impact of GASB's 43 and 45. The impact of these changes will be felt in fiscal 2009. It will be difficult to fund the OPEB requirements fully in the near future, although our intentions to do so have not changed. Most likely the City will begin the process in 2009, but this will depend upon an improvement in our revenues. Without question, further changes in General fund will need to be made in order that we can adequately fund these initiatives. Funding the Stabilization fund and OPEB requirements will be the goal of the City in the next few years.

The Eleven Mile road construction is nearing completion. The cost over-runs are equal to 10% or more of the project, even after all contingencies have been met. The City may need to roll some of these costs into a longer term debt issue, or provide payment via a revolving fund grant from the Water and Sewer fund. This has yet to be determined.

This report is intended to provide the citizens, taxpayers, customers and investors with a general overview of the City's financial position. Care has been taken to clearly and accurately describe the financial state of the City as of the close of business on June 30, 2008. We would welcome any comments on its content and presentation. Please feel free to contact the City Finance Department should you have any comments or need clarification on any of the financial statements.

Basic Financial Statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents (note 1)	\$ 294,637	\$ -	\$ 294,637
Investments (note 2)	4,071,327	1,388,821	5,460,149
Receivables			
Accounts receivable	301,928	496,529	798,457
Contracts	39,468	-	39,468
Special assessments	65,827	-	65,827
Accrued interest	39,511	-	39,511
Inventories	-	66,443	66,443
Capital assets, net (note 3)			
Assets not depreciated	89,802	1,000	90,802
Construction-in-progress	3,748,688	-	3,748,688
Assets being depreciated	22,715,759	2,685,299	25,401,058
Total assets	31,366,948	4,638,092	36,005,040
Liabilities			
Current Liabilities			
Accounts payable and contract retainages	378,191	61,221	439,412
Bank overdraft	112,377	1,738	114,114
Accrued expenses	125,847	64,420	190,267
Deposits	19,555	19,835	39,390
Current portion of long-term obligations (note 4)	977,058	-	977,058
Total current liabilities	1,613,027	147,214	1,760,241
Noncurrent Liabilities			
Other liabilities	729,453	-	729,453
Noncurrent portion of long-term obligations (note 4)	11,580,250	-	11,580,250
Total noncurrent liabilities	12,309,703	-	12,309,703
Total liabilities	13,922,731	147,214	14,069,944
Net Assets			
Invested in capital assets, net of related debt	14,007,428	2,686,299	16,693,727
Restricted for			
Construction projects	136,015	-	136,015
Unrestricted	3,300,774	1,804,579	5,105,353
Total net assets	\$ 17,444,217	\$ 4,490,878	\$ 21,935,095

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 4,343,016	\$ 401,852	\$ -	\$ 4,990	\$ (3,936,174)	\$ -	\$ (3,936,174)
Public safety	1,797,164	149,096	-	3,966	(1,644,102)	-	(1,644,102)
Public works	233,453	223,807	-	-	(9,646)	-	(9,646)
Library	541,454	68,487	6,281	-	(466,686)	-	(466,686)
Maintenance	460,522	-	363,672	-	(96,850)	-	(96,850)
Traffic services	27,313	-	-	-	(27,313)	-	(27,313)
Snow and ice removal	75,090	-	-	-	(75,090)	-	(75,090)
Administrative	216,639	-	-	-	(216,639)	-	(216,639)
Aquatic Club	206,166	176,356	-	-	(29,810)	-	(29,810)
Recreation	1,714,512	789,247	-	-	(925,265)	-	(925,265)
Interest on long-term debt	472,567	-	-	-	(472,567)	-	(472,567)
Total governmental activities	10,087,896	1,808,845	369,953	8,956	(7,900,142)	-	(7,900,142)
Business-type activities							
Water	1,655,646	1,832,946	-	-	-	177,300	177,300
Total primary government	\$ 11,743,542	\$ 3,641,791	\$ 369,953	\$ 8,956	(7,900,142)	177,300	(7,722,842)
General revenues and transfers							
		Property taxes, levied for general purposes			5,883,281	-	5,883,281
		Property taxes, levied for debt service purposes			1,195,163	-	1,195,163
		State-shared revenues, unrestricted			566,966	-	566,966
		Interest and investment earnings			268,356	62,873	331,229
		Bond proceeds			1,470,000	-	1,470,000
		Other			34,058	-	34,058
		Transfers			397,632	(225,316)	172,316
		Total general revenues and transfers			9,815,456	(162,443)	9,653,013
		Changes in net assets			1,915,314	14,857	1,930,171
		Net Assets - July 1, 2007			15,528,903	4,476,021	20,004,924
		Net Assets - June 30, 2008			\$ 17,444,217	\$ 4,490,878	\$ 21,935,095

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

ASSETS							
	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Sanitation Fund	Recreation Fund	Capital Projects	Rackham Defense		
Cash and cash equivalents	\$ 10,126	\$ 23,072	\$ 48,393	\$ 79,918	\$ 0	\$ 56,623	\$ 218,132
Investments	681,917	82,776	280,329	939,652	-	1,052,489	3,037,164
Receivables							
Accounts receivable	106,589	-	13,952	110,345	-	71,042	301,928
Taxes	34,919	4,033	496	-	20	-	39,468
Inventories	39,511	-	-	-	-	-	39,511
Prepaid items	41,202	-	-	-	-	-	41,202
Total assets	<u>\$ 914,264</u>	<u>\$ 109,881</u>	<u>\$ 343,170</u>	<u>\$ 1,129,915</u>	<u>\$ 20</u>	<u>\$ 1,180,154</u>	<u>\$ 3,677,404</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 71,432	\$ 14,993	\$ 52,150	\$ 199,284	\$ -	\$ 27,983	\$ 365,842
Bank overdraft	-	-	-	-	105,696	6,680	112,377
Accrued and other liabilities	62,708	2,211	52,994	730	-	5,906	124,549
Other liabilities	15,680	-	3,875	-	-	-	19,555
Total liabilities	149,820	17,204	109,019	200,014	105,696	40,569	622,322
Fund Balances							
Reserved for							
Special Revenue Funds	-	-	-	-	-	136,015	136,015
Unreserved							
Designated	207,124	-	38,385	-	-	-	245,509
Capital Projects	-	-	-	929,901	-	-	929,901
Undesignated	557,320	92,677	195,766	-	-	-	845,763
Special Revenue Funds	-	-	-	-	(105,676)	438,732	333,057
Debt Service Funds	-	-	-	-	-	564,838	564,838
Total fund balances	<u>764,444</u>	<u>92,677</u>	<u>234,151</u>	<u>929,901</u>	<u>(105,676)</u>	<u>1,139,586</u>	<u>3,055,082</u>
Total liabilities and fund balances	<u>\$ 914,264</u>	<u>\$ 109,881</u>	<u>\$ 343,170</u>	<u>\$ 1,129,915</u>	<u>\$ 20</u>	<u>\$ 1,180,154</u>	<u>\$ 3,677,404</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET ASSETS
JUNE 30, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances for governmental funds	\$ 3,055,082
Capital assets used in governmental activities are not financial resources and are not reported in the funds	25,777,682
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable	(12,442,189)
Internal Service Funds are included as part of governmental activities	1,064,129
Compensated absences are included as a liability in governmental activities	<u>(10,487)</u>
Net assets of governmental activities	<u><u>\$ 17,444,217</u></u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Sanitation Fund	Recreation Fund	Capital Projects	Rackham Defense		
Revenues							
Property taxes and special assessments	\$ 4,750,597	\$ 549,101	\$ 67,499	\$ 356,650	\$ 159,434	\$ 1,195,163	\$ 7,078,444
Licenses and permits	178,729	-	-	-	-	-	178,729
Intergovernmental	582,203	-	-	-	-	345,349	927,552
Charges for services	88,077	-	-	-	-	-	88,077
Aquatic Club charges	-	-	176,356	-	-	-	176,356
Program fees	-	-	789,247	-	-	-	789,247
Fines and forfeits	243,079	-	-	-	-	-	243,079
Interest	110,808	11,293	4,785	50,760	-	49,010	226,656
Other	187,524	6,461	17	1,470,000	-	87,687	1,751,689
Total revenues	6,141,017	566,855	1,037,904	1,877,410	159,434	1,677,209	11,459,829
Expenditures							
Current							
General government	1,081,271	-	-	-	-	-	1,081,271
Public safety	1,729,266	-	-	-	-	-	1,729,266
Public works	223,492	-	-	-	-	-	223,492
Library	450,233	-	-	-	-	-	450,233
Maintenance	-	-	-	-	-	460,522	460,522
Traffic services	-	-	-	-	-	27,313	27,313
Snow and ice removal	-	-	-	-	-	75,090	75,090
Administrative	-	81,870	-	40,809	59,425	34,535	216,639
Aquatic Club	-	-	206,166	-	-	-	206,166
Recreation	-	-	1,342,824	-	-	-	1,342,824
Employee benefits	1,473,585	22,731	-	-	-	-	1,496,316
Professional services	-	368,403	-	-	-	-	368,403
Capital outlay	-	-	-	427,098	-	176,782	603,880
Debt service							
Principal	-	-	-	-	-	816,779	816,779
Interest and other charges	-	-	-	-	-	472,567	472,567
Total expenditures	4,957,847	473,004	1,548,990	467,907	59,425	2,063,588	9,570,761
Excess of Revenues Over (Under)							
Expenditures	1,183,170	93,851	(511,086)	1,409,503	100,009	(386,379)	1,889,068
Other Financing Sources (Uses)							
Transfers - in	321,062	-	561,404	57,000	-	659,246	1,598,712
Transfers - out	(1,329,255)	(13,488)	-	(10,000)	-	(138,577)	(1,491,320)
Total other financing sources (uses)	(1,008,193)	(13,488)	561,404	47,000	-	520,669	107,392
Net Change in Fund Balances	174,977	80,363	50,318	1,456,503	100,009	134,290	1,996,460
Fund Balances - July 1, 2007	589,467	12,314	183,833	(526,602)	(205,685)	1,005,295	1,058,622
Fund Balances - June 30, 2008	\$ 764,444	\$ 92,677	\$ 234,151	\$ 929,901	\$ (105,676)	\$ 1,139,585	\$ 3,055,082

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds	\$ 1,996,460
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period	(719,398)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	842,374
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds	(4,126)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net expenses of the Internal Service Funds is reported with governmental activities	<u>(72,266)</u>
Change in net assets of governmental activities	<u><u>\$ 2,043,044</u></u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ -	\$ 76,505
Investments	1,388,821	1,034,164
Receivables	496,529	-
Prepaid expense	-	24,625
Due from other funds	-	-
Inventories	66,443	-
Total current assets	1,951,793	1,135,294
Noncurrent Assets		
Capital assets, net		
Assets not depreciated	1,000	-
Assets being depreciated	2,685,299	776,567
Total noncurrent assets	2,686,299	776,567
Total assets	<u>\$ 4,638,092</u>	<u>\$ 1,911,861</u>
Liabilities		
Current Liabilities		
Accounts payable and contract	\$ 61,221	\$ 12,349
Bank overdraft	1,738	-
Accrued expenses	64,420	1,298
Deposits and other	19,835	-
Current portion of long-term obligations	-	26,202
Total current liabilities	147,214	39,849
Noncurrent Liabilities		
Due to employees	-	729,453
Noncurrent portion of long-term obligations	-	78,430
Total noncurrent liabilities	-	807,883
Total liabilities	147,214	847,732
Net Assets		
Invested in capital assets, net of related debt	2,686,299	671,935
Unrestricted	1,804,579	392,194
Total net assets	4,490,878	1,064,129
Total liabilities and net assets	<u>\$ 4,638,092</u>	<u>\$ 1,911,861</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for sales and services	\$ 1,823,189	\$ -
Penalties	7,584	-
Charges to other funds of the City	-	222,807
Other	2,173	8,971
Total operating revenues	1,832,946	231,778
Operating Expenses		
Sewage disposal costs	651,270	-
Water purchases	268,055	-
Payroll and benefits	343,035	-
Depreciation	105,324	94,266
Other	287,962	541,718
Total operating expenses	1,655,646	635,984
Operating Income (Loss)	177,300	(404,206)
Nonoperating Revenues		
Interest income	62,873	41,700
Transfers - In (Out)	(225,316)	290,240
Change in Net Assets	14,857	(72,266)
Net Assets - July 1, 2007	4,476,021	1,136,395
Net Assets - June 30, 2008	<u>\$ 4,490,878</u>	<u>\$ 1,064,129</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from customers	\$ 1,867,595	\$ 220,852
Payments to suppliers for goods and services	(1,187,197)	(97,472)
Payments to employees for services	(343,035)	(371,484)
Net cash provided from (used in) operating activities	337,363	(248,104)
Cash Flows From Noncapital Financing Activities:		
Interfund transfers	(225,316)	290,240
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property, plant and equipment	(268,800)	-
Bank overdraft	1,738	(763)
Payments of long-term debt	-	(25,595)
Net cash used in capital and related financing activities	(267,062)	(26,358)
Cash Flows From Investing Activities:		
Interest received	62,873	41,700
Net Increase (Decrease) in Cash and Cash Equivalents	(92,142)	57,478
Cash and Cash Equivalents - July 1, 2007	1,480,963	1,053,191
Cash and Cash Equivalents - June 30, 2008	<u>\$ 1,388,821</u>	<u>\$ 1,110,669</u>
Reconciliation of operating income (loss) to net cash provided from (used in) operating activities:		
Operating income (loss)	\$ 177,300	\$ (404,206)
Depreciation	105,324	94,266
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:		
Decrease in receivables	34,649	-
Increase in prepaid expense	-	(24,625)
Decrease in inventories	1,024	-
Increase in accounts payable and contract	14,215	7,942
Increase in deposits and other	20	-
Increase in other liabilities	4,831	78,519
Total adjustments	54,739	61,836
Net cash provided from (used in) operating activities	<u>\$ 337,363</u>	<u>\$ (248,104)</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Agency Fund</u>
Assets	
Investments	\$ 390,000
Total assets	<u>\$ 390,000</u>
 Liabilities	
Accounts payable	\$ 16,223
Bank overdraft	139,954
Accrued and other liabilities	77,081
Performance deposits	<u>156,742</u>
Total liabilities	<u>\$ 390,000</u>

See accompanying notes to financial statements

City of Huntington Woods, Michigan

Notes to Financial Statements

June 30, 2008

Note 1 - Significant Accounting Policies

The accounting policies of the City of Huntington Woods, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Huntington Woods, Michigan:

Reporting Entity

The City has adopted the position of the Governmental Accounting Standards Board (GASB) as outlined in its Statement 1 regarding the definition of a reporting entity. The City of Huntington Woods, Michigan is governed by an elected mayor and a four-member commission. A full-time City Manager is appointed by this body to carry out the policies that are established. The City has no component units, or entities for which the City is considered financially accountable.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund. Revenue is recorded when earned, and expenses recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensating absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

General fund - The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Sanitation fund - The Sanitation fund accounts for the operation of the solid waste collection, disposal and recycling functions of the City.

Recreation fund - The Recreation fund accounts for the operation and maintenance of city parks, as well as the operation of all recreation programs and leisure activities, including the operation of the City pool.

Capital Projects fund - The Capital Projects fund accounts for special projects not associated with business-type funds.

Rackham Defense fund - The Rackham Defense fund was established to account for monies spent to defend the Rackham Golf Property against undesired development. The fund was initially set up through the transfer of expenses that had accumulated in trust fund setup to provide a means for outside groups to collect monies under the "Save Rackham" moniker. A mileage has been passed in the amount of 0.50 mills per year for 3 years to pay for legal fees. The fund is non-operational in nature and is intended only to account for these costs on a short-term basis.

The City reports the following major proprietary fund:

Water and Sewer fund - The Water and Sewer fund accounts for the operation and maintenance of the water supply system, as well as the City sewage disposal infrastructure. It is financed primarily through user charges.

Additionally, the City reports the following fund types:

Internal Service fund - Internal Service funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis. They also account for health care benefits provided to qualified employees during retirement, as well as a health insurance fund to provide for self-funding of health care benefits.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Agency fund - The Agency fund is custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The fund is used to account for assets held by the City as an agent for individuals, private organizations and other governments. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes. The Agency fund cannot use these assets to finance its operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing activities. The principal operating revenue of our proprietary fund relates to charges to customers for water sales and services and sewage disposal. Operating expenses for proprietary funds include the cost of water, sewer disposal, operations and maintenance, general and administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

Property Tax Revenue

Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Any real property taxes not paid by March 1st, following the due date, are purchased by the County and paid to the City. The County Treasurer takes over collection responsibility at that date. Delinquent personal property taxes are less certain as to ultimate collection and, therefore, are paid to the City upon collection.

The City's 2007-08 tax is levied and collectible on July 1, 2007, and is recognized as revenue in the year ended June 30, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the City totaled \$319,211,250, of which taxes levied consist of 21.0988 mills for general and debt service purposes. This resulted in \$6,734,974 for general and debt service purposes, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. Once these adjustments to the roll were made, the amount available for general and debt service purposes was \$6,721,794. These amounts are recognized in the respective General, Special Revenue and Debt Service Funds financial statements as tax revenue.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Assets or Equity

Cash and Investments - Cash and cash equivalents include cash on hand and demand deposits. Investments include all short-term instruments of less than three months when acquired, as well as investment instruments as allowed by P.A. 20 of 1943 as amended and the City's investment policy. Investments are stated at fair value. To the extent that cash from various funds has been pooled, pooled investment income is generally allocated to each fund using a weighted average cash balance per fund. Throughout the year ended June 30, 2008, the City had cash balances with a major single financial institution in excess of \$100,000, which is covered by Federal Depository Insurance Corporation. At June 30, 2008, no single investment instrument was in excess of the FDIC insurance limit.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible accounts.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	40 years
Infrastructure	60 years
Machinery and equipment	7 - 15 years
Office equipment/furniture	5 - 10 years
Vehicles	7 years

Compensated Absences (Vacation and Sick Time) - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary financial statements, accrued compensated absences are paid upon employee termination.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Assets or Equity - Continued

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

- Budgets must be adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects.
- Budgeted expenditures cannot exceed budgeted revenues and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

Budgeted amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted, or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations that were adopted for the general, special revenue, or debt service funds. Budget appropriations lapse at year-end and encumbrances are not included as expenditures. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the above funds, is included as required supplemental information. Budgets have been prepared on a basis consistent with generally accepted accounting principles.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 1 - Significant Accounting Policies - Continued

Budget Compliance

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. The General Fund's amended fund balance appropriation as of June 30, 2008 was zero. The actual June 30, 2008 fund balance was increased by \$174,977 less transfers of \$133,929 for a total of \$41,048. The General Fund finished the year with 98% of all appropriations spent in aggregate; however for the year ended June 30, 2008, the following accounts incurred excess expenditures over the amount appropriated:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
General Fund:				
Employee benefits	\$ 1,433,731	\$ 1,473,585	\$ 39,854	3%
Sanitation Fund:				
Administrative	81,645	81,870	225	1%
Recreation Fund:				
Pool	190,497	206,166	15,669	8%
Rackham Defense Fund:				
Administrative	56,000	59,425	3,425	6%

The funds had adequate fund balance to cover the expenditures in excess of amounts appropriated with the exception of the Rackham Defense fund, which had a deficit at June 30, 2008.

Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

The City has designated one bank for the deposit of its funds. Each financial intermediary, broker, or dealer that holds the City's funds must be provided with a copy of the investment policy and comply with the policy. The investment policy adopted by the commission in accordance with Public Act 196 of 1997 has authorized investment in all of the above securities. The City's deposits and investment policy are in accordance with statutory authority.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 2 - Deposits and Investments - Continued

Deposits

The deposits of the City as of June 30, 2008 amounted to approximately \$150,700 in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) of which \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The goal is to maximize the investment potential of the City by limiting, to the extent possible all monies that are in non-investment vehicles such as checking or savings accounts. In August 2006, the City made major changes in the commercial banking aspects of the Finance Department. In doing so, the City realized major savings associated with a progressive sweep product through using a local money management firm.

Investments

As of June 30, 2008, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Totals</u>	<u>Less Than 3 Months</u>	<u>6-12 Months</u>	<u>12-24 Months</u>	<u>24-36 Months</u>	<u>36- + Months</u>
Money Market Fund (MM FUND)	\$ 1,112,004	\$ 1,112,004	\$ -	\$ -	\$ -	\$ -
Federal Farm Credit BKS CONS (FFCB)	394,564	-	-	-	-	394,564
FICO Series 19 (FICO)	241,998	-	-	-	-	241,998
Federal Home Loan Bank (FHLB)	1,652,142	-	-	-	247,265	1,404,877
Federal National Mortgage Corporation (FNMA)	1,833,033	-	-	-	446,658	1,386,375
Certificate of Deposit (CD)	597,254	-	250,000	97,254	-	250,000
	<u>\$ 5,830,995</u>	<u>\$ 1,112,004</u>	<u>\$ 250,000</u>	<u>\$ 97,254</u>	<u>\$ 693,923</u>	<u>\$ 3,677,814</u>

The investments presented on the Statement of Net Assets from the primary government and agency fund includes accrued interest of \$19,153 as of June 30, 2008.

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs. As of June 30, 2008, the City's investments in commercial paper were rated A1 by Standard and Poor's and P1 by Moody's Investors Service.

Diversification. The City's investment policy suggests that the City "diversify by security type and institution," and that no more than 50% of the portfolio is in a single financial institution. The current portfolio is well diversified to an average of 3.84% in any one investment instrument, with a duration averaging 33.69 months with the exception of the money market (pooled bank) trusts where the monies invested by the City are immediately available.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 2 - Deposits and Investments - Continued

Investments - Continued

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk, however, the current City Investment Policy limits the custodial risk, by measuring the health of custodial banks. At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

Investments were book-entry only in the name of the City and were fully insured.
Investments were part of a mutual fund.
Investments were held by an agent in the City's name.

At year end, the City's investment balances were categorized as follows:

<u>Par Amount</u>	<u>Investment Type</u>	<u>Coupon</u>	<u>Maturity Date</u>	<u>Risk Rating</u>	<u>Yield to Maturity</u>	<u>Current Market Value</u>
35,123	MM FUND	2.510%	Liquid	---	2.510%	\$ 35,123
572,503	MM FUND	2.370%	Liquid	---	2.370%	572,503
49,858	MM FUND	2.010%	Liquid	---	2.010%	49,858
250,000	FHLB	3.000%	23-Dec-10	AAA	3.640%	247,265
250,000	FNMA	3.000%	23-Sept-08	AAA	3.700%	245,470
250,000	FHLB	5.050%	13-Apr-11	AAA	4.530%	253,360
400,000	FHLB	3.800%	21-Aug-11	AAA	3.820%	399,720
112,562	MM FUND	2.060%	Liquid	---	2.060%	112,562
166,727	MM FUND	2.000%	Liquid	---	2.000%	166,727
250,000	CD	2.440%	Liquid	---	2.440%	250,000
250,000	CD	2.360%	02-Jul-08	---	2.360%	250,000
200,000	FHLB	3.125%	17-Feb-09	AAA	3.380%	198,876
300,000	FFCB	4.125%	22-Apr-13	AAA	4.390%	296,532
3,466	MM FUND	1.760%	Liquid	---	1.760%	3,466
97,000	CD	4.990%	23-Sept-08	---	4.990%	97,254
200,000	FNMA NTS	4.500%	15-Oct-08	AAA	2.430%	201,188
205,000	FNMC	4.125%	01-Sept-09	AAA	2.920%	207,804
200,000	FHLB	3.250%	11-Feb-11	AAA	3.540%	198,562
250,000	FHLB	5.500%	22-Jun-11	AAA	4.760%	255,078
272,000	FICO SERIES 19	3.430%	06-Dec-11	AAA	3.430%	241,998
250,000	FHLMC	3.750%	06-Feb-12	AAA	3.940%	248,408
100,000	FFCB	3.300%	13-Feb-12	AAA	3.890%	98,031
100,000	FHLMC	3.750%	27-Feb-12	AAA	3.960%	99,281
250,000	FHLMC	3.600%	15-Feb-13	AAA	4.120%	244,603
360,000	FNMA	3.250%	09-Apr-13	AAA	4.130%	346,388
31,551	MM FUND	1.560%	Liquid	---	1.560%	31,551
10,948	MM FUND	1.830%	Liquid	---	1.830%	10,948
129,266	MM FUND	2.270%	Liquid	---	2.270%	129,266
250,000	FNMA	3.250%	09-Apr-13	AAA	4.130%	240,548
100,000	FNMA	4.000%	23-Jul-13	AAA	4.310%	98,625
Average Coupon		<u>3.20%</u>	Average Yield-to- Maturity		<u>3.24%</u>	

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 3 - Capital Assets

Capital assets activity of the primary government's governmental and business-type activities was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 89,802	\$ -	\$ -	\$ 89,802
Construction-in-progress	<u>3,748,688</u>	<u>-</u>	<u>-</u>	<u>3,748,688</u>
Total capital assets, not being depreciated	<u>\$ 3,838,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,838,490</u>
Capital assets, being depreciated:				
Infrastructure - roads and sidewalks	\$ 19,543,654	\$ 1,104,595	\$ -	\$ 20,648,249
Vehicles	15,869	-	-	15,869
Office equipment and furniture	989,760	35,048	521,673	503,135
Library books and fine arts	711,713	45,392	-	757,105
Machinery and equipment	2,743,458	47,162	40,877	2,749,743
Land improvements	355,621	-	-	355,621
Buildings and improvements	<u>8,891,314</u>	<u>133,717</u>	<u>-</u>	<u>9,025,031</u>
Total at historical cost	<u>\$ 33,251,389</u>	<u>\$ 1,365,914</u>	<u>\$ 562,550</u>	<u>\$ 34,054,753</u>
Accumulated depreciation:				
Infrastructure - roads and sidewalks	\$ 5,150,133	\$ 313,062	\$ -	\$ 5,463,195
Vehicles	7,936	882	-	8,818
Office equipment and furniture	800,256	48,480	521,673	327,063
Library books and fine arts	656,632	18,070	-	674,702
Machinery and equipment	1,419,775	129,612	40,877	1,508,510
Land improvements	195,769	32,517	-	228,286
Buildings and improvements	<u>2,910,315</u>	<u>218,105</u>	<u>-</u>	<u>3,128,420</u>
Total accumulated depreciation	<u>\$ 11,140,816</u>	<u>\$ 760,728</u>	<u>\$ 562,550</u>	<u>\$ 11,338,994</u>
Total capital assets, being depreciated, net	<u>\$ 22,110,573</u>	<u>\$ 605,186</u>	<u>\$ -</u>	<u>\$ 22,715,759</u>
Total Governmental Activities Capital Assets, net	<u>\$ 25,949,063</u>	<u>\$ 605,186</u>	<u>\$ -</u>	<u>\$ 26,554,249</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 450,606
Public Safety	39,770
Public works	4,336
Library	51,842
Recreation	<u>214,174</u>
Total depreciation expense-governmental activities	<u>\$ 760,728</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 3 - Capital Assets - Continued

The City's interest in the George W. Kuhn portion of the Twelve Town Drain System that is owned and operated by several governmental agencies has been reflected under the caption of construction-in-progress in the accompanying financial statements. Liabilities to the County for construction of the sewage disposal facilities are recorded in the government-wide statement of net assets as noncurrent liabilities of the City because related debt service charges are financed largely by property taxes levied instead of by user charges. Accordingly, property and equipment related to County sewer operations are not recorded in the Water Fund rather are recorded in governmental activities.

The City's interest in the initial Twelve Town Drain System has not been recorded in capital assets due to the immateriality of the net book value of the asset.

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Business-Type Activities:				
Capital assets:				
Buildings and improvements	\$ 7,499	\$ -	\$ -	\$ 7,499
Land	1,000	-	-	1,000
Machinery and equipment	427,467	-	-	427,467
Water and sewer mains	3,354,200	268,800	-	3,623,000
Water meters	<u>241,351</u>	<u>-</u>	<u>-</u>	<u>241,351</u>
Subtotal	4,031,517	268,800	-	4,300,317
Accumulated depreciation:				
Buildings and improvements	7,499	-	-	7,499
Machinery and equipment	280,714	32,116	-	312,830
Water and sewer mains	1,093,910	67,174	-	1,161,084
Water meters	<u>126,571</u>	<u>6,034</u>	<u>-</u>	<u>132,605</u>
Total accumulated depreciation	<u>1,508,694</u>	<u>105,324</u>	<u>-</u>	<u>1,614,018</u>
Net capital assets	<u>\$ 2,522,823</u>	<u>\$ 163,476</u>	<u>\$ -</u>	<u>\$ 2,686,299</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense at June 30, 2008 amounted to:

Water Fund	\$ 105,324
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt

A summary of changes in long-term debt is as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensatory time Recreation Center	\$ 6,361	\$ 4,126	\$ 10,487	\$ -
Improvement Bonds	3,350,000	(300,000)	3,050,000	350,000
Street Improvement Bonds	2,050,000	(200,000)	1,850,000	225,000
Street Improvement Bonds	3,050,000	(150,000)	2,900,000	200,000
George W. Kuhn Drain Bonds 2000-A	444,743	(24,743)	420,000	25,369
George W. Kuhn Drain Bonds 2000-B	171,320	(162,707)	8,613	8,613
George W. Kuhn Drain Bonds 2002-C	2,264,434	(108,524)	2,155,910	111,186
George W. Kuhn Drain Bonds 2002-D	91,141	(4,385)	86,756	4,228
George W. Kuhn Drain Bonds 2002-E	276,243	(226,131)	50,112	11,745
George W. Kuhn Drain Bonds 2005	40,102	(2,192)	37,910	2,192
George W. Kuhn Drain Bonds 2007	-	382,888	382,888	2,036
Capital Improvements Bonds (11 Mile)	-	1,500,000	1,500,000	-
Bus Installment Loan	51,477	(12,213)	39,264	12,516
Street Sweeper Installment Loan	<u>78,751</u>	<u>(13,382)</u>	<u>65,368</u>	<u>13,686</u>
Total Governmental Activities	11,874,572	682,737	12,557,308	966,571
<u>Business-Type Activities:</u>				
No activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,874,572</u>	<u>\$ 682,737</u>	<u>\$ 12,557,308</u>	<u>\$ 966,571</u>

The George W. Kuhn Drainage District authorized the refunding of bonds series 2000B and 2001E on March 26, 2007. The Oakland County Drain Commission sold the bonds on July 19, 2007, therefore restructuring the bonds as Series 2007. Therefore, GWK Bond series 2000B and 2001E principal and interest schedules included in the financial statement footnotes represent the change for fiscal 2007-2008.

In February 2007, the City Commission approved an increase in its indebtedness by issuing Limited Tax General Obligation (LTGO) Bonds for the re-construction of Eleven Mile road. The bonds were issued July 1, 2007 in the amount of \$1,500,000. These bonds will not be supported by the millage, but will be paid for by current assets and revenue proceeds in the Major Road fund and Water fund.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

At June 30, 2008, long-term obligations consisted of:

Governmental Activities:

Compensatory time - Public Safety	\$ 10,487
Recreation Center Improvement Bonds dated July 1, 1998; annual principal payments of \$165,000 to \$550,000, due serially to October 1, 2014; interest rates 4% to 6% (original issue totaled \$4,915,000)	3,050,000
Street Improvement Bonds dated April 1, 1999; annual principal payments of \$150,000 to \$300,000, due serially to October 1, 2014; interest rates 4% to 6% (original issue totaled \$3,500,000)	1,850,000
Street Improvement Bonds dated April 1, 2001; annual principal payments of \$75,000 to \$500,000, due beginning October 2003 serially to October 1, 2015; interest rates 4% to 4.5% (original issue totaled \$3,500,000)	2,900,000
George W. Kuhn Drain Bonds 2000-A dated April 1, 2001; annual principal payments of \$21,000 to \$36,000, due beginning April 2003 serially to April 1, 2022; interest rate at 2.5% (original issue totaled \$560,001). These represent the City's portion of the total bonds issued by Oakland County	420,000
George W. Kuhn Drain Bonds 2000-B dated April 1, 2001; annual principal payments of \$6,200 to \$15,500, due beginning April 2003 serially to April 1, 2022; interest rate at 2.5% (original issue totaled \$205,772). Bond re-financed July 1, 2007 annual principal payments of \$7,830 to \$8,613, due April 2008 to April 2009. These represent the City's portion of the total bonds issued by Oakland County	8,613
George W. Kuhn Drain Bonds 2002-C dated April 1, 2002; annual principal payments of \$100,850 to \$161,142, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$2,574,502). These represent the City's portion of the total bonds issued by Oakland County	<u>2,155,910</u>

Total this page 10,395,010

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 10,395,010
George W. Kuhn Drain Bonds 2002-D dated April 1, 2002; annual principal payments of \$3,915 to \$6,264, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$99,284). These represent the City's portion of the total bonds issued by Oakland County	86,756
George W. Kuhn Drain Bonds 2002-E dated April 1, 2002; annual principal payments of \$10,962 to \$22,551, due beginning April 2005 serially to April 1, 2024; interest rate of 4% to 5.25% (original issue totaled \$309,129). Bond re-financed July 1, 2007 annual principal payments of \$11,745 to \$13,311, due April 2008 serially to April 2012. These represent the City's portion of the total bonds issued by Oakland County	50,112
George W. Kuhn Drain Bonds 2005 dated September 22, 2005; annual principal payments of \$2,192 to \$2,975, due beginning April 2007 serially to April 1, 2023; interest rate of 1.625% (original issue totaled \$42,295). These represent the City's portion of the total bonds issued by Oakland County	37,910
George W. Kuhn Drain Bonds 2007 dated July 1, 2007; annual principal payments of \$7,360 to \$19,732, due beginning April 2008 serially to April 1, 2024; interest rate of 3.123% (original issue totaled \$381,534). These represent the City's portion of the total bonds issued by Oakland County	382,888
2007 Capital Improvements Bonds (11 Mile Rd. G.O.) dated July 1, 2007; annual principal payments of \$50,000 to \$150,000, due beginning October 2009 serially to October 2027; interest rate of 4.3% to 4.625% (original issue totaled \$1,500,000)	1,500,000
Bus Installment Loan dated August 26, 2004; semi-annual principal and interest payments of \$6,896, due April and October to April 1, 2011; interest rate at 3.21%	39,264
Street Sweeper Installment Loan dated September 29, 2005; semi-annual principal and interest payments of \$7,812, due March and September to September 29, 2012; interest rate 2.97%	<u>65,368</u>
Total long-term debt	<u>\$ 12,557,308</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

The following is a summary of annual debt service requirements to maturity for the above bonds, followed by the detailed bond payments:

Governmental Activities			
	Principal	Interest	Total
2009	\$ 940,369	\$ 460,374	\$ 1,400,743
2010	1,044,755	422,054	1,466,809
2011	1,174,297	378,895	1,553,192
2012	1,228,837	332,045	1,560,882
2013	1,334,004	281,815	1,615,819
2014-2018	4,395,976	685,412	5,081,388
2019-2023	1,506,175	303,137	1,809,312
2024-2028	817,776	79,869	897,645
	<u>\$ 12,442,189</u>	<u>\$ 2,943,601</u>	<u>\$ 15,385,790</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Recreation Center Improvement Bonds					
7/1/98	\$ 4,915,000	4.00%	10/1/08	\$ 350,000	\$ 115,000
		4.00	10/1/09	350,000	101,000
		4.00	10/1/10	400,000	86,000
		4.00	10/1/11	450,000	69,000
		4.00	10/1/12	450,000	51,000
		4.00	10/1/13	500,000	32,000
		4.00	10/1/14	<u>550,000</u>	<u>11,000</u>
				<u>\$ 3,050,000</u>	<u>\$ 465,000</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Street Improvement Bonds					
4/1/99	\$ 3,500,000	4.00%	10/1/08	\$ 225,000	\$ 69,500
		4.00	10/1/09	225,000	60,500
		4.00	10/1/10	250,000	51,000
		4.00	10/1/11	250,000	41,000
		4.00	10/1/12	300,000	30,000
		4.00	10/1/13	300,000	18,000
		4.00	10/1/14	<u>300,000</u>	<u>6,000</u>
				<u>\$ 1,850,000</u>	<u>\$ 276,000</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Street Improvement Bonds					
4/1/01	\$ 3,500,000	4.250%	10/1/08	\$ 200,000	\$ 122,475
		4.250	10/1/09	250,000	112,913
		4.250	10/1/10	300,000	101,225
		4.250	10/1/11	300,000	88,475
		4.350	10/1/12	350,000	74,488
		4.500	10/1/13	500,000	55,625
		4.500	10/1/14	500,000	33,125
		4.375	10/1/15	500,000	10,938
				<u>\$ 2,900,000</u>	<u>\$ 599,264</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2000-A					
4/1/01	\$ 560,001	2.5%	4/1/2009	\$ 25,369	\$ 10,500
		2.5	4/1/2010	25,996	9,866
		2.5	4/1/2011	26,779	9,216
		2.5	4/1/2012	27,405	8,546
		2.5	4/1/2013	28,031	7,862
		2.5	4/1/2014	28,814	7,160
		2.5	4/1/2015	29,441	6,440
		2.5	4/1/2016	30,224	5,704
		2.5	4/1/2017	31,007	4,948
		2.5	4/1/2018	31,790	4,174
		2.5	4/1/2019	32,573	3,378
		2.5	4/1/2020	33,356	2,564
		2.5	4/1/2021	34,139	1,730
		2.5	4/1/2022	35,076	876
				<u>\$ 420,000</u>	<u>\$ 82,964</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2000-B					
4/1/01	\$ 205,772	3.132%	4/1/2009	<u>\$ 8,613</u>	<u>\$ 431</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-C					
4/1/02	\$ 2,574,502	2.5%	4/1/2009	\$ 111,186	\$ 53,898
		2.5	4/1/2010	114,005	51,118
		2.5	4/1/2011	116,824	48,268
		2.5	4/1/2012	119,799	45,348
		2.5	4/1/2013	122,774	42,352
		2.5	4/1/2014	125,906	39,284
		2.5	4/1/2015	129,038	36,136
		2.5	4/1/2016	132,327	32,910
		2.5	4/1/2017	135,615	29,602
		2.5	4/1/2018	138,904	26,210
		2.5	4/1/2019	142,349	22,738
		2.5	4/1/2020	145,951	19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	<u>161,142</u>	<u>4,028</u>
				<u>\$ 2,155,910</u>	<u>\$ 486,354</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-D					
4/1/02	\$ 99,284	2.5%	4/1/2009	\$ 4,228	\$ 2,184
		2.5	4/1/2010	4,228	2,078
		2.5	4/1/2011	4,385	1,974
		2.5	4/1/2012	4,541	1,864
		2.5	4/1/2013	4,541	1,750
		2.5	4/1/2014	4,698	1,636
		2.5	4/1/2015	4,855	1,520
		2.5	4/1/2016	5,011	1,398
		2.5	4/1/2017	5,168	1,272
		2.5	4/1/2018	5,168	1,144
		2.5	4/1/2019	5,324	1,014
		2.5	4/1/2020	5,481	880
		2.5	4/1/2021	5,638	744
		2.5	4/1/2022	5,794	602
		2.5	4/1/2023	5,794	458
		2.5	4/1/2024	5,951	310
		2.5	4/1/2025	<u>5,951</u>	<u>156</u>
				<u>\$ 86,756</u>	<u>\$ 20,984</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-E					
4/1/02	\$ 309,129	3.132%	4/1/2009	\$ 11,745	\$ 2,268
		3.132	4/1/2010	12,528	1,740
		3.132	4/1/2011	12,528	1,176
		3.132	4/1/2012	<u>13,311</u>	<u>612</u>
				<u>\$ 50,112</u>	<u>\$ 5,796</u>
<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2005					
9/22/05	\$ 42,295	1.625%	4/1/2009	\$ 2,192	\$ 616
		1.625	4/1/2010	2,349	580
		1.625	4/1/2011	2,349	542
		1.625	4/1/2012	2,349	504
		1.625	4/1/2013	2,349	466
		1.625	4/1/2014	2,349	428
		1.625	4/1/2015	2,506	390
		1.625	4/1/2016	2,506	349
		1.625	4/1/2017	2,506	308
		1.625	4/1/2018	2,662	267
		1.625	4/1/2019	2,662	224
		1.625	4/1/2020	2,662	181
		1.625	4/1/2021	2,662	138
		1.625	4/1/2022	2,819	94
		1.625	4/1/2023	<u>2,988</u>	<u>51</u>
				<u>\$ 37,910</u>	<u>\$ 5,138</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2007					
7/1/07	\$ 390,248	3.123%	4/1/2009	\$ 2,036	\$ 16,452
		3.123	4/1/2010	10,649	16,365
		3.123	4/1/2011	11,432	15,913
		3.123	4/1/2012	11,432	15,427
		3.123	4/1/2013	26,309	14,941
		3.123	4/1/2014	26,935	13,823
		3.123	4/1/2015	27,562	12,678
		3.123	4/1/2016	28,971	11,507
		3.123	4/1/2017	30,380	10,276
		3.123	4/1/2018	31,633	8,985
		3.123	4/1/2019	32,103	7,640
		3.123	4/1/2020	33,199	6,276
		3.123	4/1/2021	34,452	4,823
		3.123	4/1/2022	35,548	3,316
		3.123	4/1/2023	20,515	1,761
		3.123	4/1/2024	19,732	863
				<u>\$ 382,888</u>	<u>\$ 161,046</u>
<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Capital Improvement Bonds (11 Mile Rd.) 2007					
7/1/07	\$ 1,500,000	0.000%	10/1/2008	\$ -	\$ 67,050
		4.625	10/1/2009	50,000	65,894
		4.625	10/1/2010	50,000	63,581
		4.625	10/1/2011	50,000	61,269
		4.625	10/1/2012	50,000	58,956
		4.625	10/1/2013	50,000	56,644
		4.625	10/1/2014	50,000	54,331
		4.625	10/1/2015	50,000	52,019
		4.625	10/1/2016	50,000	49,706
		4.300	10/1/2017	50,000	47,475
		4.300	10/1/2018	75,000	44,787
		4.350	10/1/2019	75,000	41,544
		4.350	10/1/2020	75,000	38,281
		4.350	10/1/2021	100,000	34,475
		4.400	10/1/2022	100,000	30,100
		4.400	10/1/2023	100,000	25,700
		4.450	10/1/2024	125,000	20,719
		4.450	10/1/2025	125,000	15,156
		4.500	10/1/2026	125,000	9,562
		1.625	10/1/2027	150,000	3,375
				<u>\$ 1,500,000</u>	<u>\$ 840,624</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 5 - Pension Plans - Defined Benefit Pension Plan

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers virtually all of the full-time employees of the City. The MERS provides retirement, death and disability benefits to employees that were employed by the City prior to July 1, 1998. Public Act 220 of 1996 assigns the authority to establish and amend the benefit provisions of the MERS plan document. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the MERS at 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (989) 322-5103.

Funding Policy

The City is required to contribute at an actuarial determined rate: the current rate is between 0.00% and 44.85% of covered payroll for individual employee groups. A retirement contribution rate of 5% of payroll is required by all full time employees and has been negotiated into all union employee contracts with the exception of the Public Safety Officers (PSO) union, which began contributions on July 1, 2002. The current contribution rate is 5% for this group. The rates are established by the City through collective bargaining and may be changed or amended by the MERS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, the City's annual pension cost of \$558,012 was equal to the required and actual contribution for the fiscal year 2007-08. The annual required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions used included: (a) an 8.0% investment rate of return, (b) projected salary increases of 4.50%, plus a percentage based upon an age related scale to reflect merit, longevity and promotional salary increases of between 0.00% and 8.40% and (c) the assumption that benefits will not increase after retirement. The annual contribution for fiscal year 2008-09 is expected to be \$585,852 per the December 31, 2007 actuarial valuation.

The actuarial value of assets is determined on the basis of a method that calculates expected income at the valuation rate of return and adds a portion of the difference between the expected investment income and the actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10-year period at a rate of 10% a year. This asset valuation method was first adopted for the December 31, 2005 valuation and is applied in the present valuation period.

In calculating the annual required contribution for reporting and disclosure purposes, the following amortization methods are used:

For divisions that are closed to new hires and less than 100% funded, a 30-year level dollar amortization is used.

For all other divisions, a level percentage of payroll amortization is used, based on the assumption that payroll increases 4.5% per year. The standard amortization period is 30 years for positive unfunded liabilities. This period will be reduced by one year in each annual valuation. The standard amortization period for negative unfunded liabilities is 10 years, with the 10-year period re-established with each annual actuarial valuation.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 5 - Pension Plans - Defined Benefit Pension Plan - Continued

Five Year Trend Information for MERS

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Unfunded Annual Contribution</u>
6/30/04	\$ 366,024	100%	\$ -
6/30/05	462,108	100%	-
6/30/06	476,580	100%	-
6/30/07	518,124	100%	-
6/30/08	558,012	100%	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liabilities (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12-31-03	\$10,662,961	\$16,858,593	\$6,195,632	63%	\$2,008,652	308%
12-31-04	10,742,562	17,215,559	6,472,997	62%	1,993,108	325%
12-31-05	10,994,105	17,829,987	6,835,882	62%	2,344,342	292%
12-31-06	11,324,100	18,539,873	7,215,773	61%	2,332,476	310%
12-31-07	11,647,508	19,414,340	7,766,832	60%	2,263,735	343%

Note 6 - Defined Contribution Plan

The City offers a defined contribution plan where the contribution rate for the City is between 8% and 10% of gross payroll. This contribution rate is established by contractual agreement and Commission resolution, and may be changed from time-to-time. Under the terms of the plan the employee may contribute to the plan on a voluntary basis. The decision to contribute on the part of the employee may effect the contribution provided by the City. Plan documentation and regulations have been filed with the MERS Board of Trustees and the International City Management Association (ICMA) which administers the plan. The City's annual employer contribution amounted to approximately \$74,289 for the fiscal year ended June 30, 2008.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 7 - Changes in General Fund Reserves and Net Assets/Fund Balance

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Designated				
Property tax refund reserve	\$ 73,194	\$ -	\$ -	\$ 73,194
Gallery	-	24,012	-	24,012
Crime	-	20,189	-	20,189
Library	-	89,729	-	89,729
Undesignated	<u>516,273</u>	<u>41,047</u>	<u>-</u>	<u>557,320</u>
Totals	<u>\$ 589,467</u>	<u>\$ 174,977</u>	<u>\$ -</u>	<u>\$ 764,444</u>

The gallery, crime, and library additions are transfers from the Trust and Agency fund that may be appropriated to the Capital Planning fund for use at the discretion of the City Commission.

Note 8 - Capital Planning Fund Reserves

The Capital Planning Fund has reserved fund balances as follows:

Reserved Parks and Recreation	\$ 100,165
Reserved Interstate 696	31,350

The City operates thirteen acres of park land to which no revenues are received. \$100,165 has been reserved for projects relating to the parks and recreation master plan, which is scheduled for completion in spring of 2009.

Contract documents with the State of Michigan indicate the entire maintenance of the perimeter wall and berm area of Interstate 696 are the City's responsibility to maintain, therefore, the City has reserved \$31,350 for maintenance of this area.

Un-appropriated fund excess in the Capital Planning Fund has increased by \$20,837 to \$112,379.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 9 - Inter-fund Transfers

	Transfers	
	In	Out
General	\$ 321,062	\$ 1,329,255
Major Street	10,000	138,577
Local Street	175,000	-
Budget Stabilization	200,746	-
Capital Planning	188,250	-
Sanitation	-	13,488
Recreation	561,404	-
Capital Projects	57,000	10,000
Water	-	225,316
11 Mile Rd. debt	85,250	-
Trust & Agency	-	172,316
Retirement Benefit	286,000	2,000
Health Insurance	<u>6,240</u>	<u>-</u>
Total	<u>\$ 1,890,952</u>	<u>\$ 1,890,952</u>

Inter-fund transfers are used by the City to pay for services incurred by the General Fund and other funds where accounting for the cost of legal and risk management expenses is appropriate.

Note 10 - Post-Retirement Benefits

The City has an obligation to cover all former full-time retired employees for hospitalization insurance and pay their premium as long as they collect a pension. The City has historically paid this obligation on a pay-as-you-go basis. This expense amounted to \$385,551 for the fiscal year ended June 30, 2008 and covers 32 retired employees. The City has unrestricted net assets of \$25,720 in the post-retirement benefit fund as of June 30, 2008.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2008

Note 11 - Federal Funding

The City received Federal funds through the Oakland County Community Development Block Grant Program. The City of Huntington Woods, Michigan received \$11,050 in grant allocations in fiscal year 2007-08 and utilized \$4,990 of that amount.

Note 12 - Risk Management

The City has entered into a joint powers agreement with other Michigan units of government for its general liability, property damage insurance including auto and public official's liability, contractor's equipment and workers' compensation. The City's maximum deductibles are as follows: property \$250, liability \$-0-, and property and crime \$250. Under the regulations of the state pool there is no yearly stop loss limit provided. The City does maintain a Loss Reserve Fund Balance in escrow with the Michigan Municipal Risk Management Association of \$301,196 as of June 30, 2008. The dissemination of these dollars rests with the City Commission.

The City accounts for transactions related to these risks in accordance with GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which states that a liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss that can be reasonably estimated. No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2008, and thus no liability has been recorded.

Note 13 - Individual Fund Deficit

At June 30, 2008, the City's Rackham Defense fund deficit was \$105,676. The City is operating under a deficit elimination plan filed with the State of Michigan Department of Treasury with the intention of eliminating the deficit over the next two years.

Required Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 589,467	\$ 589,467	\$ 589,467	\$ -
Resources (Inflows)				
Property taxes	4,792,149	4,792,149	4,750,597	(41,552)
Licenses and permits	253,050	213,050	178,729	(34,321)
Intergovernmental	593,530	593,530	582,203	(11,327)
Charges for services	87,500	87,500	88,077	577
Fines and forfeits	255,300	273,800	243,079	(30,721)
Interest income	120,000	110,000	110,808	808
Transfers - in	169,479	187,600	321,062	133,462
Other	186,174	186,174	187,524	1,350
Amounts available for appropriation	6,457,182	6,443,803	6,462,079	18,276
Charges to Appropriations (Outflows)				
General government	1,125,793	1,112,414	1,081,271	31,143
Public safety	1,768,389	1,768,389	1,729,266	39,123
Public works	253,805	253,805	223,492	30,313
Library	487,753	487,753	450,233	37,520
Employee benefits	1,433,731	1,433,731	1,473,585	(39,854)
Transfers - out	1,387,711	1,387,711	1,329,255	58,456
Total charges to appropriations	6,457,182	6,443,803	6,287,102	156,701
Budgetary Fund Balance - June 30, 2008	<u>\$ 589,467</u>	<u>\$ 589,467</u>	<u>\$ 764,444</u>	<u>\$ 174,977</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - SANITATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 12,314	\$ 12,314	\$ 12,314	\$ -
Resources (Inflows)				
Property taxes	549,905	549,905	549,101	(804)
Other	3,700	3,700	6,461	2,761
Interest income	5,550	5,550	11,293	5,743
Amounts available for appropriation	559,155	559,155	566,855	7,700
Charges to Appropriations (Outflows)				
Administrative	81,645	81,645	81,870	(225)
Employee benefits	22,731	22,731	22,731	-
Professional services	440,822	440,822	368,403	72,419
Transfers - out	13,957	13,957	13,488	469
Total charges to appropriations	559,155	559,155	486,492	72,663
Budgetary Fund Balance - June 30, 2008	<u>\$ 12,314</u>	<u>\$ 12,314</u>	<u>\$ 92,677</u>	<u>\$ 80,363</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 183,833	\$ 183,833	\$ 183,833	\$ -
Resources (Inflows)				
Property taxes	67,609	67,609	67,499	(110)
Aquatic Club charges	185,000	185,000	176,356	(8,644)
Program fees	770,800	770,800	789,247	18,447
Interest income	1,500	1,500	4,785	3,285
Other	20,500	20,500	17	(20,483)
Transfers - in	581,475	533,019	561,404	28,385
Amounts available for appropriation	1,626,884	1,578,428	1,599,308	20,880
Charges to Appropriations (Outflows)				
Bus	57,772	47,272	41,709	5,563
Recreation	493,106	493,106	472,589	20,517
Programs	885,537	847,581	828,526	19,055
Pool	190,497	190,497	206,166	(15,669)
Total charges to appropriations	1,626,912	1,578,456	1,548,990	29,466
Budgetary Fund Balance - June 30, 2008	<u>\$ 183,805</u>	<u>\$ 183,805</u>	<u>\$ 234,151</u>	<u>\$ 50,346</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - RACKHAM DEFENSE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ (205,685)	\$ (205,685)	\$ (205,685)	\$ -
Resources (Inflows)				
Property taxes	151,006	151,006	159,434	8,428
Interest income	8,600	8,600	-	(8,600)
Amounts available for appropriation	159,606	159,606	159,434	(172)
Charges to Appropriations (Outflows)				
Administrative	56,000	56,000	59,425	(3,425)
Transfers - out	1,000	1,000	-	1,000
Total charges to appropriations	57,000	57,000	59,425	(2,425)
Budgetary Fund Balance - June 30, 2008	<u>\$ (103,079)</u>	<u>\$ (103,079)</u>	<u>\$ (105,676)</u>	<u>\$ (2,597)</u>

City of Huntington Woods, Michigan
Notes to Required Supplemental Information
June 30, 2008

Note 1 - Compliance and Accountability

Budgetary Information - An annual budget is adopted on a basis consistent with the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at the end of each fiscal year.

The annual budget is prepared based upon the chart of accounts prescribed by the P.A. 2 of 1968 and as amended and P.A. 621 of 1978 the Uniform Budgeting and Accounting Act. The City budget, including all non-agency funds is adopted by the City Commission as required by City Charter and amended ordinances. The line-item budget is adopted by category and amended as such.

The City Manager and/or Finance Director is authorized to create new appropriation centers or activities as necessary and disclose any changes to the City Commission through monthly transmittals. Changes that will require additional appropriations from fund balance or a change in the overall appropriation as originally adopted, will require a resolution of the City Commission.

Transfers of any nature from the contingency account as set aside under the original budget adoption must be brought to the City Commission for approval.

Budgeted amounts of the revenues and expenditures presented in this document are a summarization of the budgeted amounts as originally adopted or amended by the City Commission. Individual amendments are not shown, as they were not material in relation to the original appropriations resolved by the City.

Excess expenditures over those appropriations that were adopted by the City Commission are shown and detailed in the budget compliance section (Note 1) of this report.

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

ASSETS

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	Budget Stabilization Fund	Capital Planning Fund	Debt Service Fund	Street Debt Service Fund	GWK Drain Debt Fund	11 Mile Rd. G.O. Debt Fund	
Cash and cash equivalents	\$ -	\$ 10,074	\$ 5,020	\$ 11,659	\$ 7,841	\$ 9,030	\$ 10,796	\$ 2,203	\$ 56,623
Investments	84,794	-	200,315	241,644	128,867	74,477	287,326	35,066	1,052,489
Accounts receivable	40,084	16,489	-	5,238	3,492	3,991	1,748	-	71,042
Total assets	<u>\$ 124,878</u>	<u>\$ 26,563</u>	<u>\$ 205,335</u>	<u>\$ 258,541</u>	<u>\$ 140,200</u>	<u>\$ 87,498</u>	<u>\$ 299,870</u>	<u>\$ 37,269</u>	<u>\$ 1,180,154</u>

LIABILITIES AND FUND BALANCES

Liabilities									
Accounts payable	\$ 6,854	\$ 6,482	\$ -	\$ 14,647	\$ -	\$ -	\$ -	\$ -	\$ 27,983
Bank overdraft	6,680	-	-	-	-	-	-	-	6,680
Accrued payroll and withholdings	2,296	3,610	-	-	-	-	-	-	5,906
Total liabilities	15,830	10,092	-	14,647	-	-	-	-	40,569
Fund Balances									
Reserved for Special assessment debt	4,500	-	-	131,515	-	-	-	-	136,015
Unreserved Undesignated	104,548	16,471	205,335	112,379	140,200	87,498	299,870	37,269	1,003,570
Total fund balances	109,048	16,471	205,335	243,894	140,200	87,498	299,870	37,269	1,139,585
Total liabilities and fund balances	<u>\$ 124,878</u>	<u>\$ 26,563</u>	<u>\$ 205,335</u>	<u>\$ 258,541</u>	<u>\$ 140,200</u>	<u>\$ 87,498</u>	<u>\$ 299,870</u>	<u>\$ 37,269</u>	<u>\$ 1,180,154</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Special Revenue Funds				Nonmajor Debt Service Funds				Total
	Major Street Fund	Local Street Fund	Budget Stabilization Fund	Capital Planning Fund	Debt Service Fund	Street Debt Service Fund	GWK Drain Debt Fund	11 Mile Rd. G.O. Debt Fund	Nonmajor Governmental Funds
Revenues									
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 424,262	\$ 561,952	\$ 208,949	\$ -	\$ 1,195,163
Intergovernmental	244,720	100,629	-	-	-	-	-	-	345,349
Interest	6,708	-	4,589	9,369	7,973	6,937	10,802	2,632	49,010
Other	18,323	-	-	-	-	-	69,364	-	87,687
Total revenues	269,751	100,629	4,589	9,369	432,235	568,889	289,115	2,632	1,677,209
Expenditures									
Current									
Maintenance	191,330	269,192	-	-	-	-	-	-	460,522
Traffic services	24,761	2,552	-	-	-	-	-	-	27,313
Snow and ice removal	45,874	29,216	-	-	-	-	-	-	75,090
Administrative	24,472	10,063	-	-	-	-	-	-	34,535
Capital outlay	-	-	-	176,782	-	-	-	-	176,782
Debt service									
Principal	-	-	-	-	300,000	350,000	166,779	-	816,779
Interest and other charges	-	-	-	-	129,400	208,463	84,091	50,613	472,567
Total expenditures	286,437	311,023	-	176,782	429,400	558,463	250,870	50,613	2,063,588
Excess of Revenues Over (Under) Expenditures	(16,686)	(210,394)	4,589	(167,413)	2,835	10,426	38,245	(47,981)	(386,379)
Other Financing Sources (Uses)									
Transfers - in	10,000	175,000	200,746	188,250	-	-	-	85,250	659,246
Transfers - out	(138,577)	-	-	-	-	-	-	-	(138,577)
Total other financing sources (uses)	(128,577)	175,000	200,746	188,250	-	-	-	85,250	520,669
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(145,263)	(35,394)	205,335	20,837	2,835	10,426	38,245	37,269	134,290
Fund Balances - July 1, 2007	254,311	51,865	-	223,057	137,365	77,072	261,625	-	1,005,295
Fund Balances - June 30, 2008	<u>\$ 109,048</u>	<u>\$ 16,471</u>	<u>\$ 205,335</u>	<u>\$ 243,894</u>	<u>\$ 140,200</u>	<u>\$ 87,498</u>	<u>\$ 299,870</u>	<u>\$ 37,269</u>	<u>\$ 1,139,585</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 254,311	\$ 254,311	\$ 254,311	\$ -
Resources (Inflows)				
Intergovernmental	254,930	254,930	244,720	(10,210)
Other	18,550	18,550	18,323	(227)
Interest income	11,500	11,500	6,708	(4,792)
Transfers - in	10,000	10,000	10,000	-
Amounts available for appropriation	294,980	294,980	279,751	(15,229)
Charges to Appropriations (Outflows)				
Maintenance	166,167	196,167	191,330	4,837
Traffic services	12,013	12,013	24,761	(12,748)
Snow and ice removal	51,631	51,631	45,874	5,757
Administrative	36,705	36,705	24,472	12,233
Transfers - out	113,577	133,577	138,577	(5,000)
Total charges to appropriations	380,093	430,093	425,014	5,079
Budgetary Fund Balance - June 30, 2008	<u>\$ 169,198</u>	<u>\$ 119,198</u>	<u>\$ 109,048</u>	<u>\$ (10,150)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 51,865	\$ 51,865	\$ 51,865	\$ -
Resources (Inflows)				
Intergovernmental	109,180	109,180	100,629	(8,551)
Other	500	500	-	(500)
Interest income	3,100	3,100	-	(3,100)
Transfers - in	150,000	150,000	175,000	25,000
Amounts available for appropriation	262,780	262,780	275,629	12,849
Charges to Appropriations (Outflows)				
Maintenance	187,352	187,352	269,192	(81,840)
Traffic services	7,825	7,825	2,552	5,273
Snow and ice removal	25,111	25,111	29,216	(4,105)
Administrative	54,592	54,592	10,063	44,529
Total charges to appropriations	274,880	274,880	311,023	(36,143)
Budgetary Fund Balance - June 30, 2008	<u>\$ 39,765</u>	<u>\$ 39,765</u>	<u>\$ 16,471</u>	<u>\$ (23,294)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PLANNING FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2007	\$ 223,057	\$ 223,057	\$ 223,057	\$ -
Resources (Inflows)				
Interest income	5,000	5,000	9,369	4,369
Transfers - in	188,250	188,250	188,250	-
Amounts available for appropriation	193,250	193,250	197,619	4,369
Charges to Appropriations (Outflows)				
Capital outlay	92,500	92,500	176,782	(84,282)
Budgetary Fund Balance - June 30, 2008	<u>\$ 323,807</u>	<u>\$ 323,807</u>	<u>\$ 243,894</u>	<u>\$ (79,913)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - BUDGET STABILIZATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2007	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Interest income	7,500	7,500	4,589	(2,911)
Transfers - in	<u>200,746</u>	<u>200,746</u>	<u>200,746</u>	<u>-</u>
Amounts available for appropriation	<u>208,246</u>	<u>208,246</u>	<u>205,335</u>	<u>(2,911)</u>
Budgetary Fund Balance - June 30, 2008	<u><u>\$ 208,246</u></u>	<u><u>\$ 208,246</u></u>	<u><u>\$ 205,335</u></u>	<u><u>\$ (2,911)</u></u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2007	\$ 137,365	\$ 137,365	\$ 137,365	\$ -
Resources (Inflows)				
Property taxes	424,900	424,900	424,262	(638)
Interest income	4,500	4,500	7,973	3,473
Amounts available for appropriation	429,400	429,400	432,235	2,835
Charges to Appropriations (Outflows)				
Debt service - principal	300,000	300,000	300,000	-
Debt service - interest	129,400	129,400	129,400	-
Total charges to appropriations	429,400	429,400	429,400	-
Budgetary Fund Balance - June 30, 2008	<u>\$ 137,365</u>	<u>\$ 137,365</u>	<u>\$ 140,200</u>	<u>\$ 2,835</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - STREET DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 77,072	\$ 77,072	\$ 77,072	\$ -
Resources (Inflows)				
Property taxes	562,763	562,763	561,952	(811)
Interest income	<u>5,500</u>	<u>5,500</u>	<u>6,937</u>	<u>1,437</u>
Amounts available for appropriation	568,263	568,263	568,889	626
Charges to Appropriations (Outflows)				
Debt service - principal	350,000	350,000	350,000	-
Debt service - interest	<u>208,263</u>	<u>208,263</u>	<u>208,463</u>	<u>(200)</u>
Total charges to appropriations	<u>558,263</u>	<u>558,263</u>	<u>558,463</u>	<u>(200)</u>
Budgetary Fund Balance - June 30, 2008	<u>\$ 87,072</u>	<u>\$ 87,072</u>	<u>\$ 87,498</u>	<u>\$ 426</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GWK DRAIN DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ 261,625	\$ 261,625	\$ 261,625	\$ -
Resources (Inflows)				
Property taxes	209,310	209,310	208,949	(361)
Other	34,674	34,674	69,364	34,690
Interest income	8,500	8,500	10,802	2,302
Amounts available for appropriation	252,484	252,484	289,115	36,631
Charges to Appropriations (Outflows)				
Debt service - principal	157,070	157,070	166,779	(9,709)
Debt service - interest	95,415	95,415	84,091	11,324
Total charges to appropriations	252,485	252,485	250,870	1,615
Budgetary Fund Balance - June 30, 2008	<u>\$ 261,624</u>	<u>\$ 261,624</u>	<u>\$ 299,870</u>	<u>\$ 38,246</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - 11 MILE RD. G.O. DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2007	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Interest income	2,500	2,500	2,632	132
Transfers in	85,250	85,250	85,250	-
Amounts available for appropriation	87,750	87,750	87,882	132
Charges to Appropriations (Outflows)				
Debt service - interest	85,600	85,600	50,613	34,987
Budgetary Fund Balance - June 30, 2008	<u>\$ 2,150</u>	<u>\$ 2,150</u>	<u>\$ 37,269</u>	<u>\$ 35,119</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2007	\$ (526,602)	\$ (526,602)	\$ (526,602)	\$ -
Resources (Inflows)				
Property taxes and special assessments	550,000	550,000	356,650	(193,350)
Other	-	-	1,470,000	1,470,000
Interest income	77,500	77,500	50,760	(26,740)
Transfers - in	257,000	257,000	57,000	(200,000)
	<u>884,500</u>	<u>884,500</u>	<u>1,934,410</u>	<u>1,049,910</u>
Amounts available for appropriation	884,500	884,500	1,934,410	1,049,910
Charges to Appropriations (Outflows)				
Capital outlay	597,424	597,424	427,098	170,326
Administrative	49,444	49,444	40,809	8,635
Transfers - out	10,000	10,000	10,000	-
	<u>656,868</u>	<u>656,868</u>	<u>477,907</u>	<u>178,961</u>
Total charges to appropriations	656,868	656,868	477,907	178,961
Budgetary Fund Balance - June 30, 2008	<u>\$ (298,970)</u>	<u>\$ (298,970)</u>	<u>\$ 929,901</u>	<u>\$ 1,228,871</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
JUNE 30, 2008

	<u>Equipment Fund</u>	<u>Retirement Benefits Fund</u>	<u>Health Insurance Fund</u>	<u>Total</u>
Assets				
Current Assets				
Cash and certificates of deposit	\$ 17,624	\$ 55,253	\$ 3,628	\$ 76,505
Investments - at fair value	297,085	679,918	57,161	1,034,164
Prepaid expense	-	24,625	-	24,625
Total current assets	314,709	759,796	60,789	1,135,294
Property, Plant and Equipment	1,888,260	-	-	1,888,260
Less accumulated depreciation	1,111,693	-	-	1,111,693
Undepreciated cost	776,567	-	-	776,567
Total assets	<u>\$ 1,091,276</u>	<u>\$ 759,796</u>	<u>\$ 60,789</u>	<u>\$ 1,911,861</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 7,963	\$ 4,386	\$ -	\$ 12,349
Accrued liabilities	1,061	237	-	1,298
Current portion of long-term obligations	26,202	-	-	26,202
Total current liabilities	35,226	4,623	-	39,849
Noncurrent Liabilities				
Due to employees	-	729,453	-	729,453
Noncurrent portion of long-term obligations	78,430	-	-	78,430
Total noncurrent liabilities				
Total liabilities	113,656	734,076	-	847,732
Net Assets				
Invested in capital assets, net of related debt	671,935	-	-	671,935
Unrestricted	305,685	25,720	60,789	392,194
Total net assets	977,620	25,720	60,789	1,064,129
Total liabilities and net assets	<u>\$ 1,091,276</u>	<u>\$ 759,796</u>	<u>\$ 60,789</u>	<u>\$ 1,911,861</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Equipment Fund	Retirement Benefits Fund	Health Insurance Fund	Total
Operating Revenues				
Charges for services	\$ 222,807	\$ -	\$ -	\$ 222,807
Other	1,000	7,971	-	8,971
Total operating revenues	223,807	7,971	-	231,778
Operating Expenses				
Depreciation	94,266	-	-	94,266
Other	144,995	396,723	-	541,718
Total operating expenses	239,261	396,723	-	635,984
Operating loss	(15,454)	(388,752)	-	(404,206)
Nonoperating Revenues				
Interest on investments	11,438	27,916	2,346	41,700
Transfers - In	-	284,000	6,240	290,240
Net income (loss)	(4,016)	(76,836)	8,586	(72,266)
Net Assets - July 1, 2007	981,636	102,556	52,203	1,136,395
Net Assets - June 30, 2008	<u>\$ 977,620</u>	<u>\$ 25,720</u>	<u>\$ 60,789</u>	<u>\$ 1,064,129</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Equipment Fund	Retirement Benefits Fund	Health Insurance Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 220,852	\$ -	\$ -	\$ 220,852
Payments to suppliers for goods and services	(97,472)	-	-	(97,472)
Payments to employees for services	(40,051)	(331,433)	-	(371,484)
Net cash provided from (used in) operating activities	83,329	(331,433)	-	(248,104)
Cash Flows From Noncapital Financing Activities:				
Interfund transfers	-	284,000	6,240	290,240
Cash Flows From Capital and Related Financing Activities:				
Payments of long-term debt	(25,595)	-	-	(25,595)
Bank overdraft	(763)	-	-	(763)
Net cash used in capital and related financing activities	(26,358)	-	-	(26,358)
Cash Flows From Investing Activities:				
Interest received	11,438	27,916	2,346	41,700
Net Increase (Decrease) in Cash and Cash Equivalents	68,409	(19,517)	8,586	57,478
Cash and Cash Equivalents - July 1, 2007	246,300	754,688	52,203	1,053,191
Cash and Cash Equivalents - June 30, 2008	<u>\$ 314,709</u>	<u>\$ 735,171</u>	<u>\$ 60,789</u>	<u>\$ 1,110,669</u>
Reconciliation of operating loss to net cash provided from (used in) operating activities:				
Operating loss	\$ (15,454)	\$ (388,752)	\$ -	\$ (404,206)
Depreciation	94,266	-	-	94,266
Adjustments to reconcile operating loss to net cash provided from (used in) operating activities:				
Increase in prepaid expense	-	(24,625)	-	(24,625)
Increase in accounts payable	4,260	3,682	-	7,942
Increase in other liabilities	257	78,262	-	78,519
Total adjustments	4,517	57,319	-	61,836
Net cash provided from (used in) operating activities	<u>\$ 83,329</u>	<u>\$ (331,433)</u>	<u>\$ -</u>	<u>\$ (248,104)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CHANGES IN NET ASSETS - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Investments	\$ 500,000	\$ -	\$ 110,000	\$ 390,000
Total assets	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 390,000</u>
Liabilities				
Accounts payable	\$ 69,934	\$ 274,632	\$ 328,343	\$ 16,223
Bank overdraft	76,979	595,360	532,385	139,954
Accrued and other liabilities	250,275	268,496	441,690	77,081
Performance deposits	<u>102,812</u>	<u>180,990</u>	<u>127,060</u>	<u>156,742</u>
Total liabilities	<u>\$ 500,000</u>	<u>\$ 1,319,478</u>	<u>\$ 1,429,478</u>	<u>\$ 390,000</u>

Statistical Section

CITY OF HUNTINGTON WOODS, MICHIGAN
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Investment in capital assets, net of related debt	\$ 9,747,600	\$ 13,355,636	\$ 13,718,189	\$ 14,205,821	\$ 14,080,851	\$ 14,007,428
Restricted	136,015	136,015	136,015	136,015	136,015	136,015
Unrestricted	2,555,351	2,171,361	1,792,529	1,608,326	1,312,037	3,300,774
Total governmental activities net assets	<u>\$ 12,438,966</u>	<u>\$ 15,663,012</u>	<u>\$ 15,646,733</u>	<u>\$ 15,950,162</u>	<u>\$ 15,528,903</u>	<u>\$ 17,444,217</u>
Business-type activities						
Investment in capital assets, net of related debt	\$ 2,827,091	\$ 2,771,663	\$ 2,510,107	\$ 2,452,939	\$ 2,522,823	\$ 2,686,299
Unrestricted	1,469,207	1,446,537	1,641,358	1,845,062	1,953,198	1,804,579
Total business-type activities net assets	<u>\$ 4,296,298</u>	<u>\$ 4,218,200</u>	<u>\$ 4,151,465</u>	<u>\$ 4,298,001</u>	<u>\$ 4,476,021</u>	<u>\$ 4,490,878</u>
Primary government						
Investment in capital assets, net of related debt	\$ 12,574,691	\$ 16,127,299	\$ 16,228,296	\$ 16,658,760	\$ 16,603,674	\$ 16,693,727
Restricted	136,015	136,015	136,015	136,015	136,015	136,015
Unrestricted	4,024,558	3,617,898	3,433,887	3,453,388	3,265,235	5,105,353
Total primary government net assets	<u>\$ 16,735,264</u>	<u>\$ 19,881,212</u>	<u>\$ 19,798,198</u>	<u>\$ 20,248,163</u>	<u>\$ 20,004,924</u>	<u>\$ 21,935,095</u>

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN

CHANGES IN NET ASSETS

LAST SIX FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 3,971,148	\$ 3,677,462	\$ 3,862,617	\$ 3,718,636	\$ 4,174,262	\$ 4,343,016
Public safety	1,481,645	1,502,117	1,598,567	1,682,452	1,700,061	1,797,164
Public works	350,869	229,489	217,363	264,741	216,382	233,453
Library	377,000	418,550	435,380	452,332	509,744	541,454
Maintenance	281,565	411,802	407,231	408,529	431,734	460,522
Traffic services	9,649	20,971	15,756	33,308	27,329	27,313
Snow and ice removal	56,057	54,585	58,644	43,966	48,074	75,090
Administrative	192,286	172,247	206,666	114,557	480,125	216,639
Aquatic Club	144,003	188,969	189,009	182,307	192,837	206,166
Recreation	1,091,175	1,320,142	1,365,100	1,528,134	1,585,518	1,714,512
Capital outlay	516,754	267,875	-	-	431,959	-
Interest on debt	-	523,336	524,043	495,986	463,450	472,567
Total governmental activities expenses	\$ 8,472,151	\$ 8,787,545	\$ 8,880,376	\$ 8,924,948	\$ 10,261,475	\$ 10,087,896
Business-type activities:						
Water	1,187,209	1,377,640	1,598,457	1,499,103	1,541,979	1,655,646
Total primary government expenses	\$ 9,659,360	\$ 10,165,185	\$ 10,478,833	\$ 10,424,051	\$ 11,803,454	\$ 11,743,542
Program Revenues						
Governmental activities:						
Charges for services	\$ 1,415,403	\$ 1,825,036	\$ 1,927,417	\$ 1,997,721	\$ 1,930,960	\$ 1,808,845
Operating grants and contributions	355,544	393,415	380,025	397,712	405,202	369,953
Capital grants and contributions	83,060	12,216	8,465	9,055	16,507	8,956
Total governmental activities program revenue	\$ 1,854,007	\$ 2,230,667	\$ 2,315,907	\$ 2,404,488	\$ 2,352,669	\$ 2,187,754
Business-type activities:						
Charges for services	1,528,824	1,500,798	1,611,279	1,721,141	1,753,080	1,832,946
Total primary government program revenues	\$ 3,382,831	\$ 3,731,465	\$ 3,927,186	\$ 4,125,629	\$ 4,105,749	\$ 4,020,700
Net (Expenses)/Revenue						
Governmental activities	\$ (6,618,144)	\$ (6,556,878)	\$ (6,564,469)	\$ (6,520,460)	\$ (7,908,806)	\$ (7,900,142)
Business-type activities	341,615	123,158	12,822	222,038	211,101	177,300
Total primary government net expense	\$ (6,276,529)	\$ (6,433,720)	\$ (6,551,647)	\$ (6,298,422)	\$ (7,697,705)	\$ (7,722,842)
General Revenues and Other Changes in Nets Assets						
Governmental activities:						
Property taxes	\$ 4,052,110	\$ 4,024,806	\$ 4,331,025	\$ 4,634,466	\$ 5,023,219	\$ 5,883,281
Property tax - debt service	1,055,705	1,120,667	1,168,160	1,148,710	1,200,936	1,195,163
State shared revenue	656,395	607,762	591,245	586,265	579,403	566,966
Investment earnings	209,972	23,710	106,576	152,226	273,579	268,356
Bond proceeds	-	-	-	-	-	1,470,000
Other	22,178	54,758	244,749	185,778	289,013	34,058
Transfers - internal activities	297,851	208,654	106,435	116,444	121,397	397,632
Total governmental activities	\$ 6,294,211	\$ 6,040,357	\$ 6,548,190	\$ 6,823,889	\$ 7,487,547	\$ 9,815,456
Business-type activities:						
Investment earnings	32,654	7,398	26,878	40,942	88,316	62,873
Transfers - internal activities	(297,851)	(208,654)	(106,435)	(116,444)	(121,397)	(225,316)
Total business-type activities	(265,197)	(201,256)	(79,557)	(75,502)	(33,081)	(162,443)
Total primary government	\$ 6,029,014	\$ 5,839,101	\$ 6,468,633	\$ 6,748,387	\$ 7,454,466	\$ 9,653,013
Change in Net Assets						
Governmental activities	\$ (323,933)	\$ (516,521)	\$ (16,279)	\$ 303,429	\$ (421,259)	\$ 1,915,314
Business-type activities	76,418	(78,098)	(66,735)	146,536	178,020	14,857
Total primary government	\$ (247,515)	\$ (594,619)	\$ (83,014)	\$ 449,965	\$ (243,239)	\$ 1,930,171

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Unreserved	\$ 1,041,146	\$ 789,472	\$ 642,517	\$ 478,464	\$ 589,467	\$ 764,444
All Other Governmental Funds						
Reserved	136,015	136,015	136,015	136,015	136,015	136,015
Unreserved, reported in						
Special revenue funds	563,450	523,578	427,986	453,052	383,680	659,885
Capital projects funds	348,296	124,350	56,024	979	(526,602)	929,901
Debt service funds	283,634	349,197	391,992	424,763	476,062	564,837
Total other governmental fund:	1,331,395	1,133,140	1,012,017	1,014,809	469,155	2,290,638
Total Governmental Funds	<u>\$ 2,372,541</u>	<u>\$ 1,922,612</u>	<u>\$ 1,654,534</u>	<u>\$ 1,493,273</u>	<u>\$ 1,058,622</u>	<u>\$ 3,055,082</u>

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Property taxes and special assessments	\$ 5,043,298	\$ 5,145,473	\$ 5,499,185	\$ 5,783,176	\$ 6,224,155	\$ 7,078,444
Licenses and permits	170,284	223,242	328,879	340,215	204,224	178,729
Intergovernmental	1,027,792	997,471	961,806	976,349	984,995	927,552
Charges for services	72,660	70,708	79,883	90,598	85,430	88,077
Aquatic Club charges	173,394	171,600	185,032	186,133	187,355	176,356
Program fees	622,088	800,147	808,819	811,148	844,190	789,247
Fines and forfeits	147,881	162,664	223,307	250,160	268,316	243,079
Investment income	184,811	18,370	87,275	128,170	219,181	226,656
Other	202,130	253,418	344,958	290,932	456,964	1,751,689
Total revenues	7,644,338	7,843,093	8,519,144	8,856,881	9,474,810	11,459,829
Expenditures						
General government	963,871	961,281	1,042,830	1,082,652	1,083,023	1,081,271
Public safety	1,481,645	1,498,337	1,598,567	1,623,066	1,662,206	1,729,266
Public works	350,869	227,553	215,427	208,616	207,579	223,492
Library	377,000	386,490	408,473	429,309	453,451	450,233
Maintenance	281,565	411,802	407,231	408,529	431,734	460,522
Traffic services	9,649	20,971	15,756	33,308	27,329	27,313
Snow and ice removal	56,057	54,585	58,644	43,966	48,074	75,090
Administrative	192,286	172,247	206,666	114,557	480,125	216,639
Aquatic Club	144,003	188,969	189,009	182,307	192,837	206,166
Recreation	1,091,175	1,294,302	1,337,510	1,390,945	1,368,526	1,342,824
Employee benefits	894,233	1,139,146	1,251,138	1,349,458	1,456,554	1,496,316
Professional services	382,412	396,731	414,217	425,197	447,318	368,403
Capital outlay	1,400,032	346,791	191,901	177,156	661,945	603,880
Debt service						
Principal	478,188	630,535	709,245	730,554	755,347	816,779
Interest	516,754	523,336	524,043	495,986	463,450	472,567
Total expenditures	8,619,739	8,253,076	8,570,657	8,695,606	9,739,498	9,570,761
Excess of revenues over (under) expenditures	(975,401)	(409,983)	(51,513)	161,275	(264,688)	1,889,068
Other Financing Sources (Uses)						
Transfers - in	1,095,309	1,025,036	914,831	1,024,914	1,083,035	1,598,712
Transfers - out	(1,031,658)	(1,064,982)	(1,131,396)	(1,347,450)	(1,252,998)	(1,491,320)
Total other financing sources (uses)	63,651	(39,946)	(216,565)	(322,536)	(169,963)	107,392
Net changes in fund balances	\$ (911,750)	\$ (449,929)	\$ (268,078)	\$ (161,261)	\$ (434,651)	\$ 1,996,460
Debt service as a percentage of noncapital expend	6.26%	5.85%	5.79%	5.95%	6.45%	5.95%

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

CITY OF HUNTINGTON WOODS, MICHIGAN
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Year Ended June 30th:	General Property Taxes	Property Tax Debt Service	Sales and use tax	Total
1999	\$ 3,858,803	\$ 341,658	\$ 751,689	\$ 4,952,150
2000	3,631,183	587,437	765,237	4,983,857
2001	3,711,504	814,332	767,143	5,292,979
2002	3,848,658	1,001,163	751,606	5,601,427
2003	4,052,110	1,055,705	656,395	5,764,210
2004	4,024,806	1,120,667	607,762	5,753,235
2005	4,331,025	1,168,160	591,245	6,090,430
2006	4,634,466	1,148,710	586,265	6,369,441
2007	5,023,219	1,200,936	579,403	6,803,558
2008	5,526,631	1,195,163	566,966	7,288,760
Change 1998-2008	43%	250%	-25%	47%

CITY OF HUNTINGTON WOODS, MICHIGAN
STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property			Personal Property			Total			Tax Rate Mills
	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	
1999	\$ 244,781,840	\$ 196,613,010	\$ 489,563,680	\$ 4,021,000	\$ 4,021,000	\$ 8,042,000	\$ 248,802,840	\$ 200,634,010	\$ 497,605,680	18.8739
2000	267,855,670	205,442,557	535,711,340	4,469,500	4,469,500	8,939,000	272,325,170	209,912,057	544,650,340	19.8493
2001	291,810,164	214,678,407	583,620,328	4,955,575	4,955,575	9,911,150	296,765,739	219,633,982	593,531,478	20.4576
2002	324,103,810	227,924,127	648,207,620	5,119,540	5,119,540	10,239,080	329,223,350	233,043,667	658,446,700	20.5536
2003	356,276,783	242,508,608	712,553,566	4,740,350	4,740,350	9,480,700	361,017,133	247,248,958	722,034,266	19.6942
2004	373,847,198	253,025,287	747,694,396	4,512,570	4,512,570	9,025,140	378,359,768	257,537,857	756,719,536	19.9823
2005	391,895,348	268,148,336	783,790,696	5,154,254	5,154,254	10,308,508	397,049,602	273,302,590	794,099,204	19.9398
2006	425,442,200	284,958,220	850,884,400	4,253,880	4,260,460	8,507,760	429,696,080	289,218,680	859,392,160	19.2012
2007	447,963,420	300,995,604	895,926,840	3,856,550	3,847,680	7,713,100	451,819,970	304,843,284	903,639,940	19.5452
2008	441,218,380	315,309,480	882,436,760	3,901,770	3,901,770	7,803,540	445,120,150	319,211,250	890,240,300	20.4431

Source: Oakland County Assessor

The City's millage rate is limited to 23 mills for operations, reduced by Headlee to current millage rate of 19.5452.

The City levies the maximum as authorized under the Headlee tax limitation formula.

CITY OF HUNTINGTON WOODS, MICHIGAN
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Taxable Value)
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate			Overlapping Rates					
	General	Debt Service	Total Direct	School Districts		Community College	Intermediate		GWK Drain
				Berkley	Royal Oak		School District	County	
1999: Homestead (1)	16.9939	1.8800	18.8739	10.4000	8.9000	1.6456	2.1208	5.0864	0.1300
1999: Non-Homestead	16.9939	1.8800	18.8739	28.4000	26.9000	1.6456	2.1208	5.0864	0.1300
2000: Homestead (1)	17.0493	2.8000	19.8493	9.8700	8.8000	1.6295	2.0998	4.9792	0.1000
2000: Non-Homestead	17.0493	2.8000	19.8493	27.8700	26.8000	1.6295	2.0998	4.9792	0.1000
2001: Homestead (1)	16.8076	3.6500	20.4576	9.8700	8.7700	1.6109	2.0752	4.9714	0.0000
2001: Non-Homestead	16.8076	3.6500	20.4576	27.8700	26.7700	1.6109	2.0752	4.9714	0.0000
2002: Homestead (1)	16.3636	4.1900	20.5536	10.3700	8.6500	1.5952	3.4526	5.0645	0.1000
2002: Non-Homestead	16.3636	4.1900	20.5536	28.3700	26.5528	1.5952	3.4526	5.0645	0.1000
2003: Homestead (1)	15.4240	4.2702	19.6942	10.3700	8.1500	1.6090	3.4224	5.8020	0.5474
2003: Non-Homestead	15.4240	4.2702	19.6942	28.3700	25.9561	1.6090	3.4224	5.8020	0.5474
2004: Homestead (1)	15.6306	4.3517	19.9823	10.3700	7.8000	1.5983	3.3991	5.7573	0.5102
2004: Non-Homestead	15.6306	4.3517	19.9823	28.3700	25.6061	1.5983	3.3991	5.7573	0.5102
2005: Homestead (1)	15.6694	4.2704	19.9398	11.1200	7.5000	1.5889	3.3789	6.0841	0.8411
2005: Non-Homestead	15.6694	4.2704	19.9398	29.1200	25.3061	1.5889	3.3789	6.0841	0.8411
2006: Homestead (1)	16.0067	3.1945	19.2012	10.5067	6.0130	1.5844	3.3690	6.0298	0.7922
2006: Non-Homestead	16.0067	3.1945	19.2012	28.5067	23.8191	1.5844	3.3690	6.0298	0.7922
2007: Homestead (1)	16.3490	3.1962	19.5452	10.4967	7.7030	1.5844	3.3690	5.9827	0.7466
2007: Non-Homestead	16.3490	3.1962	19.5452	28.4967	25.7030	1.5844	3.3690	5.9827	0.7466
2008: Homestead (1)	17.3490	3.0941	20.4431	10.3467	7.6057	1.5844	3.3690	5.8918	0.6557
2008: Non-Homestead	17.3490	3.0941	20.4431	28.3467	25.6057	1.5844	3.3690	5.8918	0.6557

Source: Oakland County Assessor

The City's millage rate is limited to 23 mills for operations, reduced by Headlee to current millage rate of 20.4431.

The City levies the maximum as authorized under the Headlee tax limitation formula.

CITY OF HUNTINGTON WOODS, MICHIGAN

TEN LARGEST TAXPAYERS

LAST SIX FISCAL YEARS

Taxpayer	Type of Business	2003			2004			2005			2006			2007			2008		
		Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison	Utility	\$ 1,191,320	1	0.49%	\$ 1,328,914	1	0.52%	\$ 1,096,590	1	0.40%	\$ 1,116,810	1	0.39%	\$ 1,094,440	1	0.36%	\$ 727,670	4	0.23%
Herman Brodsky	Property management	1,068,030	2	0.43%	888,850	2	0.35%	909,280	2	0.33%	939,280	2	0.32%	974,020	2	0.32%	996,410	1	0.31%
Chase Bank	Commercial bank	842,750	3	0.34%	862,120	3	0.33%	881,930	3	0.32%	911,020	3	0.31%	944,710	3	0.31%	966,420	2	0.30%
Kasco Equities	Property management	753,120	4	0.30%	770,880	4	0.30%	784,150	4	0.29%	808,280	4	0.28%	812,650	4	0.27%	584,290	6	0.18%
Private Residence - Hendrie	Not applicable	-	-	-	-	-	-	550,770	5	0.20%	-	-	-	-	-	-	-	-	-
Consumers Energy	Utility	629,260	5	0.25%	705,470	5	0.27%	-	-	-	494,220	7	0.17%	509,530	5	0.17%	588,890	5	0.18%
Rite Aid	Retail pharmacy	521,400	7	0.21%	510,040	6	0.20%	501,440	7	0.18%	505,270	5	0.17%	509,440	6	0.17%	575,020	7	0.18%
Private Residence - Hendrie	Not applicable	518,570	6	0.21%	494,500	7	0.19%	505,870	6	0.19%	500,000	6	0.17%	488,230	7	0.16%	-	-	-
Private Residence - Hendrie	Not applicable	355,970	10	0.14%	445,440	8	0.17%	455,680	9	0.17%	470,710	8	0.16%	488,120	8	0.16%	-	-	-
Private Residence - Hendrie	Not applicable	-	-	-	-	-	-	-	-	-	-	-	-	479,970	9	0.16%	750,000	3	0.23%
Private Residence - Hendrie	Not applicable	-	-	-	-	-	-	-	-	-	-	-	-	466,870	10	0.15%	477,600	8	0.15%
Private Residence - Huntington	Not applicable	-	-	-	-	-	-	479,980	8	0.18%	-	-	-	-	-	-	-	-	-
Private Residence - Nadine	Not applicable	-	-	-	400,000	9	0.16%	-	-	-	425,000	10	0.15%	-	-	-	-	-	-
Southmain Enterprises	Property management	376,530	8	0.15%	385,190	10	0.15%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence - Huntington	Not applicable	-	-	-	-	-	-	418,980	10	0.16%	-	-	-	-	-	-	-	-	-
Private Residence - Nadine	Not applicable	-	-	-	-	-	-	-	-	-	437,120	9	0.15%	-	-	-	463,710	10	0.15%
Private Residence - Borgman	Not applicable	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	469,620	9	0.15%
Private Residence - Huntington	Not applicable	375,000	9	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten Largest Taxpayers		6,631,950		2.67%	6,791,404		2.64%	6,584,670		2.42%	6,607,710		2.27%	6,767,980		2.23%	6,599,630		2.08%
Other Taxpayers		\$ 240,617,008			\$ 250,746,453			\$ 266,717,920			\$ 282,610,970			\$ 298,075,304			\$ 312,611,620		
Total Taxable Value		\$ 247,248,958			\$ 257,537,857			\$ 273,302,590			\$ 289,218,680			\$ 304,843,284			\$ 319,211,250		

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS, MICHIGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30th:	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Personal Property Tax Collections	Total Tax Collections	Total Collections As Percent Of Current Levy
1999	\$ 4,200,461	\$ 4,196,797	99.91 %	\$ 3,664	\$ 4,200,461	100.00%
2000	4,218,620	4,204,773	99.67%	13,847	4,218,620	100.00%
2001	4,525,836	4,517,277	99.81%	8,559	4,525,836	100.00%
2002	4,849,821	4,816,407	99.31%	33,414	4,849,821	100.00%
2003	5,107,815	5,099,478	99.84%	8,337	5,107,815	100.00%
2004	5,145,473	5,140,764	99.91 %	4,709	5,145,473	100.00%
2005	5,499,185	5,493,401	99.89%	5,784	5,499,185	100.00%
2006	5,783,176	5,770,073	99.77%	13,103	5,783,176	100.00%
2007	6,224,155	6,222,828	99.98%	1,327	6,224,155	100.00%
2008	6,721,794	6,719,362	99.96%	2,432	6,721,794	100.00%

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS, MICHIGAN

TAX INFORMATION

Taxes Due:

July 1st

Payable:

City, County operating taxes and fifty percent (50%) of school taxes are due and payable July 1st at the office of the City Treasurer. (The County parks, transportation and drain debt taxes and the remaining fifty percent (50%) of school taxes are due and payable December 1st).

Penalties and Interest

for Delinquency:

All City taxes paid on or before the 10th day of August shall be collected without additional charge. There shall be added to all taxes paid after the 10th day of August, one percent for each and every month that the amount remains unpaid; provided however, that if one-half of the City taxes are paid on or before the 10th day of August, the remaining one-half of the tax is due on or before the 31st day of October without additional charge, but should the latter one-half not be paid before the 31st day of October, then the taxes shall be subject to the charge of one percent per month from August 10th. County taxes are to be paid on or before the 14th day of February without additional charge. All County taxes paid after the 14th day of February shall be subject to a penalty of three percent. Commencing March 1st, taxes on real property are collected through the County Treasurer of Oakland County, who adds and retains a collection fee of four percent and in addition adds interest at the rate of one percent per month to the date of payment.

Lien on Property:

Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Property to be Sold</u>
July 2005	Year 2002
July 2006	Year 2003
July 2007	Year 2004

State Land Sale:

The General Property Tax Act, Public Act 206 of 1893, as amended, requires the County Treasurer to foreclose on real property for failure to pay delinquent property taxes. One March 1st, following the year taxes went delinquent a \$175.00 fee and a \$18.00 recording fee will be added to the parcel. The interest rate on the unpaid balance increases to 1.5% per month retroactive to the previous March 1st. In February properties that are delinquent for two years will be taken to the Circuit Court for foreclosure. Property owners have 21 days from the foreclosure judgment date to redeem the property by paying all taxes, penalties, interest and fees. After 21 days the State is granted first right of refusal to purchase property at the greater of minimum bid or fair market value. The City has second right of refusal to purchase property for a public purpose at the minimum bid price. The County may purchase property at the minimum bid price following the local unit decision not to purchase. Properties that are not purchased will be available for land sale. The land sale will be a live auction. Parcels will be sold as-is at time of auction. Minimum opening bid will be the sum of all delinquent taxes, including all interests, penalties, fees and expenses.

CITY OF HUNTINGTON WOODS, MICHIGAN
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Year Ended June 30th:	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Net Bonded Debt Per Capita
	General Obligation Bonds	GWK Drain Bonds	Installment Loans	Installment Loan			
1999	\$ 8,436,275	\$ -	\$ 152,745	\$ 175,066	\$ 8,764,086	5.26%	1,425
2000	8,415,000	-	117,292	139,541	8,671,833	3.11%	1,410
2001	11,500,000	765,773	473,543	125,587	12,864,903	4.62%	2,092
2002	11,050,000	3,748,688	379,732	111,632	15,290,052	5.49%	2,486
2003	10,600,000	3,720,500	191,360	83,722	14,595,582	5.24%	2,373
2004	10,075,000	3,691,842	123,994	55,812	13,946,648	5.01%	2,267
2005	9,575,000	3,549,963	131,381	215,427	13,471,771	4.84%	2,190
2006	9,050,000	3,401,036	155,045	170,653	12,776,734	4.59%	2,077
2007	8,450,000	3,287,983	130,228	-	11,868,211	4.26%	1,929
2008	9,300,000	3,142,189	104,633	-	12,546,822	4.76%	2,040

Source: U.S. Census Department (population) see demographic and economic statistics schedule for details.

Source: Michigan Department of Labor (per capita income) see demographic and economic statistical schedule for details.

CITY OF HUNTINGTON WOODS, MICHIGAN
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30th:	General Obligation Bonds	Less Available Debt Service Funds	Total	Percentage of Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
1999	\$ 8,436,275	\$ 31,132	\$ 8,405,143	1.69%	1,309
2000	8,415,000	104,790	8,310,210	1.53%	1,351
2001	11,500,000	170,037	11,329,963	1.91%	1,842
2002	11,050,000	210,849	10,839,151	1.65%	1,762
2003	10,600,000	283,634	10,316,366	1.43%	1,677
2004	10,075,000	349,197	9,725,803	1.29%	1,581
2005	9,575,000	391,992	9,183,008	1.16%	1,493
2006	9,050,000	424,763	8,625,237	1.00%	1,402
2007	8,450,000	476,062	7,973,938	0.88%	1,296
2008	9,300,000	564,837	8,735,163	0.98%	1,420

General Obligation Bonds in this table represent only those bonds serviced from property tax revenues.

Source: City of Huntington Woods Assessor (estimated actual values)

Source: U.S. Census Department (population) see demographic and economic statistics schedule for details.

CITY OF HUNTINGTON WOODS, MICHIGAN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2008

Name of Governmental Unit	Bonds Outstanding	Balances on Hand	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Huntington Woods					
Direct Debt					
General Obligation Bonds	\$ 9,300,000	\$ 564,837	\$ 8,735,163	100.00%	\$ 8,735,163
Overlapping Debt					
Public Schools					
Berkley School District			30,555,000	31.48%	9,618,714
Royal Oak School District			87,173,000	0.01%	8,717
County			109,962,280	0.49%	538,815
Intermediate School District			53,730	490.00%	263,277
Oakland Community College			7,965,000	0.50%	39,825
					<u>39,825</u>
Total Direct and Overlapping Debt					<u><u>\$ 19,204,511</u></u>

The above balances only represent general obligation debt

CITY OF HUNTINGTON WOODS, MICHIGAN
COMPUTATION OF LEGAL DEBT MARGIN
LAST SIX FISCAL YEARS

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 36,101,713	\$ 37,835,977	\$ 39,704,960	\$ 42,969,608	\$ 45,181,997	\$ 44,512,015
Total net debt applicable to limit	<u>14,322,807</u>	<u>13,594,826</u>	<u>13,086,464</u>	<u>12,358,442</u>	<u>11,992,471</u>	<u>11,992,471</u>
Legal Debt Margin	\$ 21,778,906	\$ 24,241,151	\$ 26,618,496	\$ 30,611,166	\$ 33,189,526	\$ 32,519,544
Total net debt applicable to the limit as a percentage of the debt limit	39.67%	35.93%	32.96%	28.76%	26.54%	26.94%

Additional years have not been provided due to the reclassification of funds required for implementation of GASB Statement No. 34 in fiscal year 2003.

Legal Debt Margin Calculation for Fiscal Year 2008

State Equalized Valuation	<u>\$ 445,120,150</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 45,181,997
Amount of Debt Applicable to Limit	12,557,308
Less: Amount Available in Debt Service Fund	<u>564,837</u>
Net General Obligation Debt Subject to Limitation	<u>\$ 11,992,471</u>
Legal Debt Margin less amount available	<u>\$ 33,189,526</u>

State law limits the amount of city general obligation debt to 10% of state equalized value.

CITY OF HUNTINGTON WOODS, MICHIGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>K-12 School Enrollment</u>	<u>Unemployment Rate</u>
1999	6,419	\$ 166,527,500	\$ 25,943	1,860	1.0%
2000	6,151	278,418,864	45,264	1,631	0.8%
2001	6,151	278,418,864	45,264	1,631	1.5%
2002	6,151	278,418,864	45,264	1,631	1.8%
2003	6,151	278,418,864	45,264	1,631	2.0%
2004	6,151	278,418,864	45,264	1,631	2.0%
2005	6,151	278,418,864	45,264	1,631	2.0%
2006	6,151	278,418,864	45,264	1,631	2.0%
2007	6,151	278,418,864	45,264	1,631	2.0%
2008	6,151	263,527,293	42,843	1,631	4.0%

Source: U.S. Census Department (population)

Source: Michigan Department of Labor (per capita income and unemployment rates)

Source: Southeast Michigan Council of Governments (personal income)

CITY OF HUNTINGTON WOODS, MICHIGAN

PRINCIPAL EMPLOYERS

LAST SIX FISCAL YEARS

	2003			2004			2005			2006			2007			2008		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	510	1	39.05%	515	1	39.43%	530	1	40.58%	525	1	40.20%	500	1	38.28%	480	1	36.75%
Rackham Golf Course	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	4	3.83%
City of Huntington Woods	221	2	16.92%	223	2	17.08%	226	2	17.30%	213	2	16.31%	216	2	16.54%	216	2	16.54%
Chase Bank	35	5	2.68%	36	5	2.76%	38	5	2.91%	40	4	3.06%	36	4	2.76%	202	3	15.47%
Huntington Cleaners	40	4	3.06%	45	4	3.45%	50	3	3.83%	50	3	3.83%	50	3	3.83%	31	5	2.37%
Rite Aid Pharmacy	15	6	1.15%	15	6	1.15%	15	6	1.15%	15	5	1.15%	15	5	1.15%	15	6	1.15%
Largest Employers	871		66.69%	884		67.70%	909		69.60%	893		68.38%	867		66.39%	994		76.11%
Total Employed	<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>		

CITY OF HUNTINGTON WOODS, MICHIGAN
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	10	11	10	11	12	10	10	11	10	9
Public safety	18	19	19	19	20	19	19	19	19	19
Public works	10	13	13	13	13	10	9	9	9	9
Library	6	6	6	6	6	6	6	7	7	7
Recreation	27	28	31	31	28	34	33	33	33	30
Total	<u>71</u>	<u>77</u>	<u>79</u>	<u>80</u>	<u>79</u>	<u>79</u>	<u>77</u>	<u>79</u>	<u>78</u>	<u>74</u>

Source: City of Huntington Woods budget document

CITY OF HUNTINGTON WOODS, MICHIGAN
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Tax bills issued	2,648	2,649	2,655	2,659	2,667	2,675	2,680	2,607	2,607	2,607
Community meetings held	16	16	16	16	16	16	16	16	16	16
Public Safety										
Physical arrests	303	459	277	285	391	395	483	393	490	397
Traffic violations	*	4,073	3,277	4,253	5,285	4,610	4,840	4,016	5,087	4,501
Parking violations	245	1,209	1,162	1,182	884	743	1,802	1,684	1,708	1,663
Emergency responses	4,069	3,505	3,282	3,126	3,583	3,585	3,220	2,287	3,010	2,749
Fire responses	102	96	140	90	150	145	139	72	116	113
Public Services										
Miles of streets plowed	25	25	25	25	25	25	25	25	25	25
Miles of streets reconstructed	1.00	0.50	0.50	0.07	0.39	-	-	-	-	1.25
Library										
Volumes in collection	47,608	47,665	48,408	50,103	53,770	54,680	55,000	57,482	60,113	59,548
Total volumes borrowed	54,450	49,134	50,132	50,240	51,661	49,011	55,900	61,601	65,839	67,398
Recreation										
Pool visitors	*	*	*	30,107	40,042	40,593	49,169	36,007	38,209	30,609
Camp participants	773	198	833	843	831	1,072	1,075	1,299	1,098	1,070
Class participants	713	854	1,009	4,360	5,889	6,129	5,447	7,931	7,711	7,341
Latchkey participants	227	200	193	178	158	180	177	193	224	268
Senior participants	213	415	420	478	444	584	548	683	792	806
Water and Sewer Utility										
Average daily consumption (units)	976	861	797	875	877	830	811	781	680	714
Water main breaks	22	12	6	12	19	8	3	10	16	8
Transportation										
Individuals transported	*	1,239	1,522	1,559	1,712	1,284	1,387	4,602	4,419	4,384

* Information unavailable

CITY OF HUNTINGTON WOODS, MICHIGAN
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	2	2	2	2	2	2	2	2	2	2
Public Services										
Number of trucks	18	18	18	18	18	18	18	18	18	18
Miles of major streets	8	8	8	8	8	8	8	8	8	8
Miles of local streets	17	17	17	17	17	17	17	17	17	17
Recreation										
Number of parks	13	13	13	13	13	13	13	13	13	13
Acreage	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Water Utility										
Miles of water line	25	25	25	25	25	25	25	25	25	25
Wastewater Utility										
Miles of sewer line	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09
Transportation										
Number of vehicles	4	4	4	4	4	4	4	5	5	5

CITY OF HUNTINGTON WOODS, MICHIGAN

**COMMENTS AND RECOMMENDATIONS
MEMORANDUM**

JUNE 30, 2008



December 9, 2008

Honorable Mayor and Members
of the City Commission
City of Huntington Woods, Michigan
Huntington Woods, Michigan 48070

We have recently completed an audit of the financial statements of the City of Huntington Woods, Michigan for the year ended June 30, 2008. Our audit was made primarily for the purpose of expressing our opinion on these statements and, accordingly, did not encompass a detailed review of systems, procedures and internal controls.

We would like to compliment the Finance Department for the excellent job that they have done this past year. We completed the audit with a minimum of adjustments and enjoyed working again with your highly professional staff. However, during our audit, we observed certain areas where we believe improvements can be effected, and we offer the enclosed comments and recommendations memorandum for your review.

The accompanying memorandum is not based upon a complete survey of all phases of operating and executive controls; it does, however, direct attention to certain areas which we believe to be especially worthy of the City Commission's consideration. We appreciate that the ultimate objective of the City Commission is to achieve maximum control at a minimum cost. We believe that consideration of the recommendations enumerated in this memorandum are compatible with that objective.

After you have reviewed our recommendations, we will be pleased to discuss the contents with you and to assist in the implementation or correction of any items set forth herein.

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CURRENT YEAR RECOMMENDATIONS

I. INVESTMENT ACTIVITY

The City of Huntington Woods has investments held with various financial institutions. These investment balances are frequently transferred between financial institutions. The transaction activity of the City's investments are currently executed and reconciled by one individual.

Recommendation

We recommend that the City segregate the duties of executing and reconciling investment activity. This may be achieved but not limited to having the monthly reconciliation process reviewed by another individual or implementing a second authorization request for all fund transfers.

II. INFORMATION TECHNOLOGY

Microsoft Windows® Network Passwords

The Microsoft Windows® network password minimum age is set to zero days. The minimum password age defines a period of time required between each user initiated password change. The password history setting defines the number of previously used passwords remembered by the system (which was appropriately set to 24). In combination, these two controls are used to ensure that network users can not reuse previously used passwords. Under the current setting, a network user can reuse a previously used network password by changing their password twenty four times in the same day, circumventing the control.

The Microsoft Windows® network password maximum age was set to zero days. The maximum age requirement enforces all users to change passwords after a defined period of time. Currently, there is a 180 day enforcement to change passwords. Industry best practices for a password's maximum age before being required to change is 90 days. Additionally, the AS/400 and New World application password setting was set to 90 days.

The Microsoft Windows® network password maximum number of logon attempt setting was set to 50 invalid attempts prior to disabling the network account. The maximum number of access attempts defines the number of times a user is allowed to enter an incorrect password for the network account prior to locking the account for a defined period of time. Under the current setting, a network user can attempt to access their account up to 50 times with an incorrect password prior to the account being locked out for a period of ten minutes, which increases the ability of the password becoming compromised and unauthorized access into the network.

CURRENT YEAR RECOMMENDATIONS - Continued

Microsoft Windows® Network Passwords - Continued

Recommendation

Due to the fact that passwords are the primary means of user authentication into the City of Huntington Woods' network, and increasing the strength and complexity of the passwords would help limit the risk of passwords being compromised, and possibly unauthorized access into the network, we recommend the City of Huntington Woods revise the network minimum password age to at least one day to ensure users do not reuse previously used passwords for at least two passwords. Additionally, we recommend the City of Huntington Woods revise the network maximum password age to 90 days to meet industry standards, and correlate with the current password requirement in the AS/400 and New World application. Finally, we recommend the City of Huntington Woods revise the network invalid logon attempt setting to seven to correlate with the current password requirement in the AS/400 and New World application and limit the ability of unauthorized access into the network.

Data System Backup

The City of Huntington Woods is storing backup tapes at the main location and not at an alternate storage facility. In the event the main location is damaged and inaccessible, the backup tapes that include financial reporting data and critical business information may not be recoverable. Backup hard drives and tapes are to be stored in a secured, environmentally safe location, separate from the location housing the main data center, so that in the event of a disaster, the hard drives and tapes can be obtained quickly and used to restore the environment. The City has implemented a system that allows the primary and backup domain server to be written to a 1 terabyte Redundant Array of Individual Disks (RAID) automatically during the evening. The array is remote from the City Hall building. This system allows disaster recovery assurance when coupled with the use of a verifiable tape backup scheme.

Recommendation

The City may want to consider a procedure where the Friday tape is stored off-site. Although the current tapes are stored in a fireproof vault, the storage of the Friday (full-backup) tape at a location where a small fire-proof safe is available would provide further assurance that the data is retrievable.

Disaster Recovery Procedures

Although the City does not have a documented disaster recovery plan, the City currently utilizes the New World Corporation facilities in Troy, Michigan as its primary disaster recovery facility for the AS400 accounting system. Additional steps need to be taken to secure a site where the primary and secondary domain server backup tapes can be run off-site as well.

CURRENT YEAR RECOMMENDATIONS - Continued

Disaster Recovery Procedures - Continued

Recommendation

We recommend the City of Huntington Woods update its disaster recovery procedures to include both the primary and back-up domain services as well as the AS400 accounting system. We also recommend that backup tapes are tested on a quarterly basis to ensure all information is recorded correctly.

PRIOR YEAR RECOMMENDATIONS

I. FIXED ASSET RECORD KEEPING

The City of Huntington Woods currently records fixed asset acquisitions and the related accumulated depreciation in a Microsoft Excel worksheet. During our audit it was noted that the worksheet contained errors in the calculation of current year depreciation and prior accumulated depreciation.

Recommendation

We recommend that the City review the fixed asset worksheet in effort to correct the noted calculation errors. We also recommend that the City consider purchasing software or consulting a third party for the specific purpose of managing fixed assets held by the City.

Status

Although there were a few calculation errors on the fixed asset worksheet in the current year, the City reviewed the fixed asset worksheet and adjusted formulas to correct calculation errors. In addition, the City also deleted all fully depreciated items under \$2,000 from the worksheet to ease in readability. The City does not believe it is in its best interest to purchase software to manage its fixed assets.

II. BOND LIABILITY

Currently, the City transfers bond and permit funds that are not reclaimed by homeowners to the General fund once the bond or permit has been open for two years.

Recommendation

We recommend that the City escheat the funds to the State of Michigan following the Uniform Unclaimed Property Act to protect itself from a potential future liability.

Status

The City has not implemented the above recommendation.

PRIOR YEAR RECOMMENDATIONS - Continued

III. USE OF CITY CREDIT CARDS

During our audit, we noticed that the City has three credit cards that are stored in the vault. The cards are loaned out to various employees to make purchases on behalf of the City when requested. We also noted that the invoices received from the credit card company are not broken down by purchaser.

Recommendation

We recommend that the credit cards be personalized with the respective employee name and issued to the appropriate department heads. We also recommend that the invoices include a breakdown by employee in order to better track expenditures. This will allow the City to have better control over its funds and mitigate the likelihood of credit card fraud by City personnel.

Status

The Finance Department feels that the system currently in place offers better security than the recommendation. The City tightly controls the three credit cards that are locked in the vault and the cards are issued to individual employees only upon written approval. Furthermore, the City has reduced its liability by limiting the maximum value of credit on the cards.

IV. BUDGETED AMOUNTS VS. ACTUAL RESULTS

As required under P.A. 621 (of the 1978 Uniform Budget Act), the City of Huntington Woods prepares its budget on a categorical basis for the General Fund and a fund-level basis for all other funds.

Recommendation

Although the City is currently compliant with the Uniform Budget Act, we recommend that the City carefully evaluates its budgeted expenditure amounts for all funds in order to avoid overspending, which may, in turn lead to a further reduction of unappropriated fund balance.

Status

There has not been a change in the City's budget process in the fiscal year ended June 30, 2008.